

## SUSTAINABLE SMART SOCIAL ENTREPRENEURSHIP BY CATWOE MODEL IN GUNUNG KIDUL, CENTRAL JAVA

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### ABSTRACT

Increasing the economy in Gunung Kidul can be encouraged by utilizing the potential resources in the area. However, with the limitations of the community managing these resources, the economy in Gunung Kidul is still not optimal. It makes the district with the second highest poverty rate in the Province of DIY. The economic problems faced by the people of Gunung Kidul can be overcome by using a social approach. This can be developed and used as an opportunity for the local community to improve their welfare. Therefore, this study aims to develop sustainable social entrepreneurship (sustainable smart social entrepreneurship) that can be instilled in the Gunung Kidul area and have a positive economic impact on the local community. This research method uses three stages, namely problem formulation, data collection, and data analysis. Data collection was taken from literature studies, distributing questionnaires, and Focus Group Discussions (FGD) in the Gunung Kidul area. Furthermore, the data that has been collected will be mapped using CATWOE, so that we can see the causal relationships that occur. It is hoped that it can show the influence of the variables that have an impact on social entrepreneurship that is sustainable and can be invested in the Gunung Kidul area as optimally as possible.

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### INTRODUCTION

Indonesia is a developing country that has a level of economic inequality. If the problem of economic inequality is not handled properly, it will have negative consequences for social and political conditions (Kurniawan, 2009). According to the Central Statistics

Agency (BPS), in 2020, the province that has the highest level of inequality in Indonesia is the Special Region of Yogyakarta (DIY) with a gini ratio of 0.428 points, higher than the national average of 0.380 points. Not only economic problems can arise from this inequality, but also many other things arise such as health, human capital, social, and psychological problems (Banovcinova, 2014).

The Special Region of Yogyakarta (DIY) is the province with the highest inequality in Indonesia, which is divided into four regencies and 1 city, namely Gunung Kidul, Sleman, Kulon Progo, Bantul, and Yogyakarta City Regencies. To boost the economy and reduce inequality that occurs in the Province of DIY, this research will focus on economic activities that occur in the Gunung Kidul area. According to the 2020 BPS, Gunung Kidul has experienced a decline in its economy and is the second district with the highest poverty rate in DIY. The low economic rate in Gunung Kidul Regency can be influenced by various factors, such as a lack of education, health, and other social problems (Asih & Hiryanto, 2020).

Gunung Kidul is a district that has varied economic growth from various sectors, such as agriculture, tourism, and trade (Arifin, 2017). However, from the factors of economic problems that occurred in Gunung Kidul, local people have not maximized the potential of their resources (Suyatna, 2018). One of the important solutions that can encourage economic growth in Gunung Kidul can be done in terms of developing social entrepreneurship that is sustainable and in accordance with the lives of the local community. Social entrepreneurship is an activity driven by an entrepreneurial mission to provide social impact to people who are financially disadvantaged (Saifan, 2012). Entrepreneurship itself can stimulate the economic growth of an area by providing a social welfare process (Wronka, 2013).

The success of social entrepreneurship in an area must be accompanied by a sustainable process. This sustainable social entrepreneurship is needed so that the social benefits obtained are not only present but also have a positive impact in the future (Hopwood, Mellor, & O'Brien, 2005). Therefore, the aim of this research is to develop sustainable smart social entrepreneurship that can be instilled in the Gunung Kidul area and have a positive economic impact on the local community.

## **LITERATURE REVIEW**

### **Economic Inequality**

Economic inequality, according to the OECD (Organization for Economic Co-operation and Development), is an economic phenomenon that occurs between regions within a country. According to the IMF (International Monetary Fund), economic inequality can be caused by income imbalances between people. Kaasa (2003) argues that economic inequality can be caused by five factors, namely:

1. Economic growth

This can be seen from GDP growth, technological changes, and changes in economic structure in the agricultural, industrial and service sectors.

2. Macro-economic factors

The macro economy can be affected by changes in inflation and unemployment, the amount of government spending, investment, and changes in exchange rates.

3. Demographic factors

This factor is influenced by the age structure of the population, population growth and density, urbanization, human capital, level of education, and public health.

4. Political factors

It is influenced by tax rates, social policies, and economic policies.

5. Historical, cultural, and natural factors

This is influenced by the distribution of land ownership and management of natural resources.

### **Social Entrepreneurship**

The first definition of social entrepreneurship was created by Deaux (1985), that social entrepreneurship:

1. Adopt a mission to create and sustain social value (not just personal value)
2. Recognizing and relentlessly pursuing new opportunities to carry out the mission
3. Engage in the process of innovation, adaptation, and continuous learning
4. Act boldly without being limited by the resources currently available, and
5. Demonstrate a high sense of responsibility to the people served for the results created.

According to (Di Domenico, Haugh, & Tracey, 2010; Oncer & Yildiz, 2010) the definition of social entrepreneurship is the process of creating value by combining resources to explore and take advantage of opportunities that can create value and meet social needs. Social entrepreneurship also needs to look at the process of supply and demand for a product from social needs.

Social entrepreneurship is a concept that shows the many activities and processes that aim to create sustainable social value by using an innovative and entrepreneurial approach (Brouard & Larivet, 2011). This can provide social impact and comparative advantage for the community from the profit earned by social entrepreneurs (Weerawardena & Sullivan-Mort, 2001). With large-scale goals, social entrepreneurs have positive targets for overcoming social problems such as poverty, hunger, unemployment, environmental issues, human rights, and so on (MacMillan and Thompson, 2013).

The steps to creating social entrepreneurship are to generate ideas, and develop these ideas into an opportunity that can create social value (Guclu et al, 2002). In the process of creating social value, previous research conducted by Voegel (2020) separated it into two stages. The first stage is to generate promising ideas that are given to the local community. Generating these ideas can create social entrepreneurship based on personal experiences such as social needs, asset needs, and change factors (Guclu et al, 2002). The social needs gap can be defined as the gap that occurs between what society wants and what actually happens in the social environment. Meanwhile, change factors can be influenced by demographic, cultural, technological, industrial, and knowledge values (Voegel, 2020). Identifying change factors is very important because it can create new societal needs as an opportunity to develop promising ideas for social entrepreneurs (Guclu et al, 2002). The second stage is developing promising ideas into attractive opportunities (developing promising ideas into attractive opportunities). Ideas derived from social problems should be developed and grounded in social impact theory. The social impact theory developed by Latane (1981) is a theory that shows how new development efforts that occur in society achieve the desired social impact.

### **Sustainable Development**

According to Gladwin et al. (1995) sustainable development in human development can be divided into five forms, namely:

1. **Connectivity**  
Connectivity is the relationship of interdependence between ecological, economic and social systems.
2. **Equity**  
Equity in sustainable development refers to the balanced distribution of resources between present and future generations.
3. **Inclusiveness**  
Inclusivity is an idea that refers to human development through space and time. Sustainable development covers both the environment and the human/social systems in the world in the present and in the future.
4. **Wisdom (prudence)**  
In sustainable development, society must protect all ecosystems that support life and make the socio-economic system stronger. In another sense, policies in sustainable development are needed to protect and prevent in technological, scientific and political systems.
5. **Security**  
In sustainable development, a security system is needed to maintain public safety from potential threats and protection from disturbances.

## **RESEARCH METHODS**

This research uses a soft system methodology (SSM) approach, which is a systematic method of developing information systems using a structured approach to understanding a problem, building a conceptual model, obtaining feasibility and desired changes and implementing them (Sumadyo, 2016).

According to Checkland, SSM contains logical explanations for scientific applications which are divided into 7 stages as follows:

1. The problem situation is a structured problem and becomes key when the process is defined to start the analysis and review stages. An analyst can see the structure of the problem situation in terms of physical design, report structure, formal and informal communication patterns.
2. Organizational structures and processes, as well as specific management and hardware technology, are reviewed using certain techniques, so as to describe the problem situation used to select information to support analysis.
3. The relevant system is resolved by using a root definition to reveal the main purpose of the selected activity system and also using the CATWOE technique, which is a technique where some of its elements are used to understand the root definition sentence analysis.
4. The conceptual model is constructed to model the pattern of human thought strictly according to the root definition using a minimal set of activities that can be drawn by applying systems thinking.
5. Comparing the conceptual model with reality. Back to the real world, thinking on the pattern adopted. The conceptual model (stage 4) must be compared with real-world expressions (stage 2).
6. Developing a system that is appropriate and as desired or making changes, must be identified and discussed so that the next action steps can be taken.
7. Actions to improve the problem situation in order to prepare a solution and determine how to apply according to step 6.

Place of research in data collection is carried out by means of literature studies and interviews with business actors. Respondents who will become informants in this study were selected from a collection of business actors who are members of 3 community-based organizations in Gunungkidul Regency, where the three organizations have an orientation to support the development of social entrepreneurship. The three communities are the Mitra Parahita Credit Union, the Disability Empowerment Center, and the Nglanggeran Tourism Village. The research was held on 3 days which were divided based on the informants' representatives. The time set for the interview process is as follows:

1. Thursday 9 November 2022
2. Friday the 10th November 2022
3. Saturday 11 November 2022

The population in this study are social entrepreneurs based in Gunung Kidul. For sample selection, representatives will be taken from each Gunung Kidul social entrepreneur community with a total number of business actor respondents as a research sample of 50 social entrepreneurs. Representatives of social entrepreneurs who are members of this study include:

1. Mitra Parahita CU
2. Community in Nglanggeran Tourism Village
3. Disability Empowerment Center

This research uses primary data in the field and secondary data in the form of documents obtained from related communities and supply chain actors. To collect primary data, a survey process, resource interviews, expert interviews and FGDs were conducted online using Zoom media. Survey respondents are business actors in the Mitra Parahita CU community, the Nglanggeran Tourism Village Community, and the Disability Empowerment Center located in Gunung Kidul. The sampling technique was carried out to respondents with the knowledge and authority to answer the questions in the questionnaire.

The analysis technique used is the CATWOE Analysis approach

**C: Customers**

Who are they, and how does this issue affect them?

**A: Actors**

Who is involved in the situation? Who will be involved in implementing the solution?  
And what will affect their success?

**T: Transformation Process**

What processes or systems are affected by this problem?

**W: Worldview**

What is the big picture? And what are the broader implications of this problem?

**O: Owner**

Who owns the process or situation you are investigating? And what role will they play in the solution?

**E: Environmental constraints**

What are the constraints and limitations that will affect the solution and its success?

The formation of this CATWOE analysis is based on the problems faced by the community who are social business actors in Gunung Kidul. The following is an overview of the problems encountered and the CATWOE analysis formed. The following is an overview of the problems with the CATWOE approach in the 3 communities that are the respondents.

Table 1. CATWOE Analysis Mitra Parahita CU Approach

|   | <b>Component</b>                         | <b>Description</b>   |
|---|--|--|
| C | Customers<br>(Victims,<br>Beneficiaries) | Member.  |
| A | Actors                                   | Administrators, supervisors, employees (managers, staff), government (cooperatives and UKM offices), educational institutions (ministry of education, culture, research and technology, universities (USD)).   |
| T | Transformation<br>Process                | Increasing the number of members (special circles becoming general), workforce, capital, assets, technology, facilities and infrastructure, services (more diverse and from conventional to online), increasing programs, increasing member involvement, members are assisted by capital so that they have business, increasing member income and assets, member business continuity, forming a member business community, expanding market network, increasing branches.  |
| W | Worldview                                | -  |
| O | Owners                                   | Ministry of cooperatives and SMEs, cooperatives and SMEs service.  |
| E | Environmental<br>Constraints             | Stagnant capital, awareness of the community to join as members, awareness of members to implement a business, development of members-assets, getting a legal entity, there is some business training but there are still few members who apply, not always able to provide training or direct assistance due to the condition and the number too many members, there is still a lack of enthusiasm for the involvement of members to take part in an organized training, human resources do not utilize the potential of existing natural resources, the area coverage is difficult to reach and wide due to limited time management, certification of managers, concern for the environment specifically not included in the organizational regulations. |

Table 2. The CATWOE Analysis Disability Empowerment Center approach

|   | <b>Component</b>                         | <b>Description</b>   |
|---|--|--|
| C | Customers<br>(Victims,<br>Beneficiaries) | Travelers (individuals, groups).   |
| A | Actors                                   | Administrators (POKDARWIS), local communities as tour providers/community members, investors (Developers), government (Tourism Office), companies (Pertamina, Ades), universities (UI, UP Jakarta), financial institutions (Banks, independent financial), research (LIPI), NGO (IDECON).  |
| T | Transformation<br>Process                | Maintaining flora and water ecosystems, increasing various forms of tour packages, increasing management membership, increasing management capital, expanding tourism areas, increasing support, increasing facilities and infrastructure (quality and quantity), forming business groups, creating various types of businesses, people can read opportunities and can grow, people's income increases, tourism turnover increases, many people are more aware of management objectives, have access to water management, increased management not only of flora and water into waste management to animal feed, many government or private companies offer development programs, getting a lot of training and assistance, people are becoming more aware of the importance of protecting natural resources through tour packages as evidenced by the fact that waste disposal has decreased significantly. |
| W | Worldview                                | -  |
| O | Owners                                   | Ministry of cooperatives and SMEs, cooperatives and SMEs service, ministry of tourism, tourism office.   |
| E | Environmental<br>Constraints             | Orientation of new groups in finding buyers, building awareness and mindset in the community to unify the management's vision and mission, involving young people with different perspectives, most of the local residents become migrant workers, looking for financial backers to finance activities/programs, the formulation still has an impact inaccurate decisions regarding the short-medium term, weak administration, final disposal of waste that is still mixed and not segregated, still requires financial assistance for the development of new rides, limited human resource capacity compared to the programs and training provided (considered new for recipients/managers), the top down program makes it possible to be forced to accept the offer, seek regeneration that is able to match the vision and mission of the initial manager.   |

Table 3. The CATWOE Analysis Disability Empowerment Center approach

|   | <b>Component</b>                         | <b>Description</b>   |
|---|--|--|
| C | Customers<br>(Victims,<br>Beneficiaries) | Direct consumers and companies.  |
| A | Actors                                   | Management, members (suppliers), local government (District Office), social enterprises (INCREASES), universities (UNY), financial institutions (BRI, BDG, etc.).  |
| T | Transformation<br>Process                | Increasing the number of people with disabilities who have skills, people with disabilities have jobs so they become more empowered, increasing forms of training, various products can be produced, organizational reach extends from sub-districts to districts, increasing number of organizations, increasing number of members, capital, facilities and infrastructure, increasing support from various parties.  |
| W | Worldview                                | -  |
| O | Owners                                   | Ministry of cooperatives and SMEs, cooperatives and SMEs service.  |
| E | Environmental<br>Constraints             | Access to village funds, forming an organization, not all members have the same skills (interests, talents) and abilities, distance between members is far, members are generally active only in their respective spheres, limited funds for organizational activities, involvement of disabilities to contribute to organizational activities relatively difficult and lack of support from the family, product price competition, the amount of production is uncertain (preferably from those produced by disabilities), marketing, conditions and area size, not specifically concerned with the environment (only for the use of resources to produce economic activities productive), revenue management for community development does not yet exist. |

## RESULTS AND DISCUSSION

Based on the problems faced by the community of social business actors, the researchers obtained different results from each of these business actors. The three social business actors who were interviewed by researchers were Mitra Parahita CU, Nglanggeran Tourism Village, and the Disability Empowerment Center. The following is a discussion and results of the interviews that have been conducted.

Started by the first social entrepreneur, Mitra Parahita CU. Mitra Parahita CU is one of the cooperatives that was formed in 2013. Mitra Parahita CU was established due to the large number of people who received funds from loan sharks but were unable to return them, as a result many were unable to pay and became in arrears. In his aim to build villages in Gunung Kidul and Wonosari Drs. FX Suyono, as the Chairman of the Management, wants that the interest given by Mitra Parahita CU does not exceed the interest limit for bank loans, so that local people are not burdened and it is easier to borrow funds from Mitra Parahita CU. In addition to affordable interest rates, cooperatives can build villages more optimally with a profit-sharing system.

The results of the interview can be concluded if Mitra Parahita CU already has a sustainable business concept. By considering the needs of the local community to manage their respective businesses with assistance from Mitra Parahita CU so as to increase economic growth based on social economy. This is one of the factors in which business actors have implemented a sustainable social enterprise system.

The second interview was conducted with the community in Nglanggeran Tourism Village, this village is a village that has a very attractive natural charm. The community in Nglanggeran Tourism Village has a goal of increasing economic growth by optimizing existing resources. Initially, the Nglanggeran Tourism Village had the concept of conserving the Ancient Volcano. This conservation is carried out to protect the flora and fauna around the area. However, with the bigger goal of wanting to develop the village economy, the scope of management was expanded so that it could involve the entire community of Nglanggeran Tourism Village. Initially, tourism was only in the area of the Ancient Volcano.

The expansion of village development carried out by the manager of the Nglanggeran Tourism Village began in 2007 until now. Village development affects tourists who come, this can have an impact on the economy, where people can develop the potential of their resources. Conditions and community support are the main things for this sustainable social enterprise to continue. Thus, the application of social entrepreneurship is still in the process towards sustainable social entrepreneurship.

The third social enterprise actor is the Disability Empowerment Center. This organization shelters hundreds of citizens with disabilities to develop themselves into independent and more useful citizens. The development carried out by the Disability Empowerment Center is by providing training that can increase the confidence of its members so that they can continue to work. The work made by the members was originally the manufacture of furniture from wood. However, over time it is less developed and by paying attention to its natural resources, there is a change in the development of work by members. The training provided is appropriate and can be followed by its members. Therefore, managers try to find ideas and finally get crafts that can be followed by their members. This craft is the craft of patchwork processing originating from factories from production that is no longer needed to become material for making doormats. Currently, the production of these mats still originates from a system accommodated by the Disability Empowerment Center and is sold to individuals. So, from the interview results, it can be concluded that the Disability Empowerment Center organization has not fully implemented a sustainable social entrepreneur system.

## **CONCLUSION**

Sustainable social entrepreneurs are businesses that can provide benefits to society in the form of social benefits and not only look at personal gain. In addition, sustainable social entrepreneurs must also have a long-term impact on the management of the benefits that are obtained so that the cycle of social enterprises that are carried out can be sustainable and provide consistency for these social business actors. In this study, researchers took samples of social entrepreneurs from three communities, namely Mitra Parahita CU, Nglanggeran Tourism Village, and the Disability Empowerment Center. These three communities are located in Gunung Kidul. Mitra Parahita CU is a community engaged in the field of cooperatives, the community in Nglanggeran Tourism Village is a community that manages the village to become a tourist village that can be visited by tourists, and

finally the Disability Empowerment Center is an organization that houses people with disabilities to provide a platform for self-development. become confident and more useful citizens with disabilities. From the three organizations it can be concluded that Mitra Parahita CU is a community that has implemented sustainable social entrepreneurship. As for the community in the Nglanggeran Tourism Village, the implementation of sustainable social entrepreneurship is still in progress and development.

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