

# Socialpreneurship in the Management of Village-Owned Enterprises in Jombang Regency

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## Abstract

The purpose of this study is to describe and reconstruct conceptually and theoretically about social entrepreneurship in the management of Village-Owned Enterprises in Jombang district. The research method used is qualitative research because the problem is unclear, holistic, complex, dynamic and full of meaning. This type of research is a case study, where there are specific phenomena and objects under study. Data analysis uses three activities that occur simultaneously, namely: data reduction, data presentation, and drawing conclusions or verification (Miles & Hiberman, 1992). The results showed that there are aspects of social entrepreneurship in the management of Village-Owned Enterprises in Jombang which can be seen from its three roles, namely (1) as a social institution; (2) as a provider of venture capital for the community; & (3) provide easy access to clean water for the community.

*Keywords: Socialpreneurship, Village-Owned Enterprises Management, Social Institutions, Capital Providers, Easy Access to Clean Water*

## INTRODUCTION

Establishment and management of Village-Owned Enterprises is an embodiment of village productive economic management that is carried out cooperatively, participatively, emancipatively, transparently, accountably, and sustainably with the main objective of improving the village economy. The formation of Village-Owned Enterprises as legal entities, must refer to the laws and regulations, and adjusted to the results of deliberations and consensus of the village community, so that the type of business owned by Village-Owned Villages of each village will have differences. The variety of types and forms of business should be in accordance with the potential and characteristics of the resources owned by the village. As an extension of the provincial and district governments, the village government needs to conduct intensive socialization about the importance of the Village Owned Enterprises, to improve the welfare of the village community.

Village-Owned Enterprises can be a pillar of village economic activity, if managed properly. Aside from being a commercial institution, a Village-Owned Enterprise can have a function as a social institution that houses the interests of the village community, which can be in the form of providing social services. Hardijono et al., Concluded that; (a) Village-Owned Enterprise institutions are more likely to prioritize the rationality of rural communities as a group with social capital as the basis of preferred individual interests, and (b) motivation and orientation of villagers assigned as managers of Village-Owned

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Enterprises based on non-material, in the form of a sense social economic respect and respect. (R. Hardijono, Maryunani, A.E Yustika, 2014).

Various theoretical studies on the village economy, show that villages have fundamental differences with urban areas, where social capital owned by the community is still very strong. In addition, the social ties found in rural communities have a diversity that is a measure of social solidarity that is needed in the development process. However, the condition of the social capital of the village community that is owned is still inversely proportional to the condition of the village's economic capital, where the social capital of the village community in the form of social ties and social networks has not been able to become capital for economic development, to be able to realize a village that has strong social ties in the context of local economic democracy (B. Susilo, 2016). There needs to be an economic movement in the village community, as a movement that strengthens economic capital, knowledge capital and human capital (Massis, 2015). The village economic movement has a legal umbrella, namely the Village Law No. 6 of 2014 and its derivative rules.

Village Owned Enterprises are required as an institution that will move the village potential, which in turn has an impact on poverty alleviation of communities around the Village Owned Enterprises (Sayutri, 2011). There are four main objectives for the establishment of Village-Owned Enterprises, namely improving the village economy, increasing village original income, increasing the processing of village potential in accordance with community needs, and becoming the backbone of rural economic growth and equity (R. Hayyuna, R.N. Pratiwi, 2014).

Village-Owned Enterprises will be able to move the potential of the village which further strengthens the village economy, it can only occur if it is done by: (1) paying attention to the character and needs of the community in improving services; (2) cooperation between Village-Owned Enterprises and other economic and social institutions facilitated and protected by the village government; & (3) Village-owned Enterprises have strong institutional rules as a public legal entity that seeks to provide the best service for the community (Sihabudin, 2009).

Gunawan, in his research explained that to manage the Village-Owned Enterprises properly management activities are needed. Management of Village-Owned Enterprises which focuses on the management of Village-Owned Enterprises include management of: (1) human resources; (2) finance; (3) production; and (4) marketing. The efficiency and effectiveness of the management of Village-Owned Enterprises will be achieved by maximizing the four scopes, so that the objectives of Village-Owned Enterprises can be achieved (Gunawan, 2011). The success of the management of Village-Owned Enterprises also lies in the ability of the Village leadership to see opportunities and respond to existing challenges in accordance with existing regulations and the ability to choose the right people as managers (Setyobakti, 2017). Agunggunanto et al., In their research on the Development of Independent Villages Through the Management of Village-Owned Enterprises in Jepara Regency, showed that the management of Village-Owned Enterprises was in accordance with the purpose of establishing Village-Owned Enterprises, especially in terms of improving the village economy where the Owned Enterprise was established Villages, although there are still some problems in managing village-owned enterprises in several areas, especially in

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terms of their limited form of business, inadequate human resources managing village-owned enterprises, and low community participation, as a result of the community's lack of understanding of the importance of Village-Owned Enterprises and the level of education of the people which are classified as low (Agunggunanto, E. Yusuf, F. Arianti, E.K. Wibowo, 2016).

The results of the research by Dewi YSR and Meirinawati concluded that the village development strategy through the Village Owned Enterprises in the agribusiness agribusiness program was not optimal in achieving poverty alleviation in Sareng village due to inaccurate updating of target data, lack of member discipline in paying installments, so the loan installment cycle went on slow, lack of competent human resources resulting in overlapping, not optimized PUAP offices, and an incomplete administrative system (Dewi, 2009). In line with the results of the study of Ramadana, et al. with the title The existence of Village-Owned Enterprises as a strengthening of the village economy (Study in Landungsari Village, Dau District, Malang Regency), concluded that the performance of Village-Owned Enterprises was still not maximal. This was proven by the fact that some of the businesses owned by Village-Owned Enterprises were not running (C.B. Ramadana, H. Ribawanto, 2013).

There are a number of inherent weaknesses that are owned by Village-Owned Enterprises, such as: (1) Village-Owned Enterprises have not been institutionalized in the village governance and economy format; (2) Village-Owned Enterprises have problems in terms of accountable human resource capacity and good performance; (3) the functioning of Village-Owned Enterprises to improve the social and economic welfare of the village community is indicated to be still low, because initiatives to develop and utilize village potentials are still lacking; (4) to realize the Village-Owned Enterprises as an economic patron whose role is to advance the people's economy, the Village-Owned Enterprises have not yet been developed with adequate consolidation and cooperation between parties; and (5) the role of the regional government is still insufficient to make the Village Owned Enterprises a superior program to empower villages and the welfare of the community (Yunanto, 2014).

Based on the researcher's observation, the phenomenon of the problems of the Village Owned Enterprises above is also found in the management of Village Owned Enterprises in Jombang Regency such as: (1) lack of human resources who have adequate education and have entrepreneurial spirit in managing the Village Owned Enterprises; (2) motivation and commitment of managers are not optimal; (3) business units owned by Village-Owned Enterprises in the real sector are still limited; (4) there are still community economic units that are still partially managed; and (4) limited capital, the capital is still limited from local government assistance.

The above problems in principle have been overcome by several Village-Owned Enterprises that tend to successfully manage their businesses, namely by using social capital as the main capital to increase community participation and support for the successful management of Village-Owned Enterprises. The pattern is carried out by increasing the role of Village-Owned Enterprises as the organizer of socialpreneurship, which emphasizes the urgent needs that occur in the communities around the Village-Owned Enterprises. Based on the description above, researchers assume the need to conduct in-depth research on how the

management of Village-Owned Enterprises in Jombang Regency, in relation to the application of social entrepreneurship in the management of business entities that they do.

## **RESEARCH METHODS**

The research method used is qualitative research because the problem is unclear, holistic, complex, dynamic and full of meaning. This type of research is a case study, where there are specific phenomena and objects under study. The location of this research is located in Jombang Regency, with the selection of data sources or research subjects taking place on a rolling basis as needed until reaching the point of saturation, the research data is sourced from people, events, and situations that exist in the research setting. Data analysis uses three activities that occur simultaneously, namely: data reduction, data presentation, drawing conclusions or verification. (Miles, 1992).

## **RESULT AND DISCUSSION**

### **RESULT**

#### **1. The Role of Village-Owned Enterprises as Social Institutions**

The role of Village-Owned Enterprises as social institutions is expected to side with the interests of the community through its contribution in the provision of social services, including: (1) helping flood victims; (2) helping landslide victims; & (3) compensation to the poor, as expressed by the following informants:

... when there was a flood yesterday the Village-Owned Enterprise also helped people affected by the flood by providing rice, instant noodles, medicine and tents to sleep temporarily for people whose houses were still flooded... (Farhan Nurul Islam, Director of Gambiran Village Owned Enterprises Mojoagung District)

... when there was a river embankment that broke down yesterday, causing our village to be flooded, from midnight until morning the water has not receded so it is difficult to find breakfast for breakfast, fortunately there is the distribution of packaged rice from the Village Owned Enterprises so we do not starve.... (Lilik, Treasurer of Village-Owned Enterprises Kauman District of Mojoagung)

... when there was a landslide incident in Galengdowo village, we as administrators of Village-Owned Enterprises also did not stay silent, by providing assistance in the form of basic food to the affected communities.... (Janu Harjo Nugroho, Director of Galengdowo Village, Wonosalam District)

In the Articles of Association / Bylaws of Village-Owned Enterprises it is regulated that a portion of the revenue of Village-Owned Enterprises 10% percent is for social funds, which will usually be distributed to people who need it during the distribution of the Remaining Business Results each year. (Vita Octavianti, Guidance for Village-Owned Enterprises at the district level)

... The Village Owned Enterprise has an indirect / invisible effect because this Village Owned Enterprise has part of its profits going into the village treasury which is used to carry out village development. Village-Owned Enterprises also leave part of its profits for social activities for orphans, the community is not able to be given direct grants from some of its profits... (Eko Purwanto, Guidance for Village-Owned Enterprises at the district level)

... We also invite the poor to attend the management accountability event and the distribution of the results of the business of Village-Owned Enterprises, 10% of which is allocated for social funds, among which are distributed to the poor in the form of goods or money depending on their needs... (Dwi Pramono, Director of Kebondalem Village Owned Enterprises Bareng District).

## **2. The Role of Village-Owned Enterprises as Institutions for Providing Business Capital to the Community**

Village-Owned Enterprises have a role as providers of venture capital through money lending services, it has enormous benefits for the community, as stated by the following informants:

...I was selling meatballs by going around, then I got a capital loan from a Village-Owned Enterprise, then I made to make a meatball selling place in front of my house and additional capital, Thank God my merchandise sold and my income increased, so I no longer bothered anymore selling meatballs around from one place to another... (Tianah, mobile meatball seller, Galengdowo Village community)

... I used to sell vegetables around, only with 200 thousand rupiah in cash, after my vegetable merchandise was used up I got a profit of 40 thousand rupiah. For daily needs the money does not meet needs, just enough to eat it. Thank God, after I got a loan of 500 thousand rupiahs from the Village Owned Enterprise, my capital went to the market to be 700 thousand rupiahs, so that I could buy meat, fish, chicken to complete my merchandise, because the merchandise increased and the results also increased to 150 thousand rupiahs per day. I can use the money for school fees, eat more nutritious food and much more... (Afung Cahyono, mobile vegetable seller, Galengdowo village community)

... I got a loan from the village-owned company that I used to buy the ingredients for the cake I made. Thank God, with increased capital, I can make more cakes between my cakes, so that my profits also increase... (Taufik, traditional cake producer, Gambiran village community, Mojoagung District)

.. Alhamdulillah, I can sell more clothes so I have more clothing merchandise, because there are many choices of clothes for my new customers and my income has also increased, thanks to a loan from the Village Owned Enterprise.. (Lilik, clothes seller, the people of Kauman Village, Mojoagung District)

... loan funds that I get from the Village-Owned Enterprises with low interest (0.5%), I use to buy catfish feed that I have with the purchase of large parties, which automatically the price is cheaper than the usual retail purchase, besides that because I buy a lot of feed, I partly sell it again, so I get profit from low-priced purchases and profit profits that I get from retail sales of feed..... (Silok, catfish breeder, Sambirejo village community, Jogoroto District).

## **3. The Role of Village-Owned Enterprises in Providing Ease of Accessing Clean Water for the Community**

One example of a Village-Owned Enterprise type of business is a simple social business, such as the provision of clean water or drinking water for the village community, which guarantees the availability of access to clean water and reduces the level of daily expenses and improves the quality of public health. The role of the Village-Owned Enterprises as revealed by the following informants:

... the difficulty faced by the Wonomerto Wonosalam village community, during the dry season is the problem of the availability of clean water for daily living needs. The community must take clean water by walking for about half a kilo, this is our background as the manager

of a Village-Owned Enterprise to make a clean water supply business at an affordable price that is affordable by the community, now the community no longer needs to be confused about finding clean water... (Mariono, Director of Wonomerto Village Owned Enterprises Wonosalam District)

... the supply of clean water is a separate issue here, the community must walk to get clean water from the source, so that I, as the manager of the LOH JINAWI Village-Owned Enterprise, take the initiative to make water piping, so that the community does not need to bother enough just at home, just open the faucet, the system is like a faucet Regional Water Supply Company that only costs 10 thousand per month... (Janu Harjo Nugroho, Director of Galengdowo Village, Wonosalam District)

From the description above it can be concluded that institutional level capacity development is also strongly influenced by the success factors in the management of Village-Owned Enterprises seen from the usefulness of Village-Owned Enterprises for the community. The higher the profits obtained by the Village-Owned Enterprises, the usefulness of the Village-Owned Enterprises for the poor will be higher because 10% of the income of the Village-Owned Enterprises is allocated for social funds, which are part of the implementation of socialpreneurship.

## **DISCUSSION**

Other social and non-economic benefits from the management of Village-Owned Enterprises are an important part that cannot be separated from the efforts of Village-Owned Enterprises in seeking financial benefits. These benefits include increasing community cohesion, promoting mutual cooperation in solving problems, fostering pride in villages, fostering initiatives to build independent villages, increasing village government services to residents, and other social benefits as a form of existence Village-Owned Enterprises (Hastowiyono & Suharyanto, 2014).

The importance of building a Village-Owned Enterprise, because it can increase opportunities for village governments to develop villages that prioritize the principles of independence, family, and mutual cooperation. In the marketing sector of production, it will automatically reduce the role of middlemen, which will certainly have an impact on the efficiency of transaction costs on the production output of rural communities, which in the end the community will enjoy the difference in the selling price of their products (Sukasanto, 2014), This is also the case with the increase in the prices of goods supporting the production activities of society in the form of fertilizers, pesticides, and other necessities.

Village-Owned Enterprises established by the village government must prioritize efforts to build social welfare for the community, taking into account the community's primary needs. The efforts referred to as outlined in the results of the above research, constitute the development of the concept of social entrepreneurship, which is currently popular in recent years (D. Bornstein, 2006), and become a global issue, so it has been widely applied in several countries (A. Nichols, 2008).

Social entrepreneurship, as Austin et.al argues, defines innovation in the creation of social value, which can be done by nonprofit, profit, or government businesses (J.E. Austin, H. Stevenson, 2006). Specifically, social entrepreneurship can be meaningful as the application of business activities based on how to carry out business in a situation that is not so

profitable, but aims to alleviate social problems, where at the same time, the business undertaken gains profits (N. Thompson, 2002; Reis, 1999).

The concept of social entrepreneurship tends to be easily applied in Indonesia, because culture of living side by side with mutual cooperation becomes commonplace, which shows social culture. This behavior has been embedded for a long time, and is often accompanied by an attitude of altruism, which is shown by voluntary behavior, without expecting rewards from the person being helped, this attitude shows the opposite of (D.G. Meyers, 2012; Oakley, 2012)

There are quite a number of scientists who advocate the importance of the state in creating an altruistic social atmosphere, which seeks to promote shared prosperity (S.H. Hwang, 2011). On the other hand, prosocial behavior by some experts is described as a form of behavior that tends to benefit others. The behaviors that are included are providing security for others (comforting), sharing, working cooperatively, and showing empathetic attitudes towards (E.H.M. Robinson, 2006). The terms altruism, prosocial, and empathy often overlap, but in principle have the same tendency of meaning, or at least closely related to each other (M.R. Hojat, S. Mangione, T.J. Nasca, & J.S. Gonnella, 2006), Because of this overlapping terminology, many experts assume that the prosocial behavior of a person is formed from the quality of empathy and altruistics that he has. (E.H.M. Robinson, 2006).

As a voluntary act (R. Ginintasasi, 2008), altruism in the management of Village-Owned Enterprises that occur in Jombang is carried out by administrators of Village-Owned Enterprises, as a manifestation of the role of village institutions in the effort to prosper their communities, as outlined in the act of using Village-Owned Company funding to help the affected community, providing capital work for MSMEs, and supply clean water.

According to Mussen and Eisenberg, altruism behavior has seven components, namely: (1) Sharing, is willing to share feelings with others in an atmosphere of joy and sorrow; (2) Cooperative, is the willingness to cooperate with others for the achievement of a goal; (3) Donating, is a willingness to contribute energy, thoughts and material to the needy, (4) Helping (helping) is a willingness to help others who are in trouble, (5) Honesty, is doing something as it is and not cheating, (6) Generosity, is the willingness to give voluntarily a portion of his possessions to someone in need and (7) Considering the rights and welfare of others (T. Dayakisni, 2003).

## **CONCLUSIONS**

The aspect of social entrepreneurship in the management of Village-Owned Enterprises in Jombang can be seen from its three roles, namely (1) as a social institution; (2) as a provider of venture capital for the community; & (3) provide easy access to clean water for the community. The role of the Village-Owned Enterprises shows altruistic business activities, which prioritize mutual prosperity.

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