

## The Government's Role as a Policy Holder in Encouraging Social Entrepreneurship in Madura Tourism Business

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### Abstrak

*Kesenjangan praktik aksi sosial antara pengusaha atau perusahaan dengan arah dan tujuan yang ditetapkan pemerintah ketika melibatkan sektor swasta untuk terlibat dalam implementasi perubahan sosial yang berkelanjutan perlu untuk di evaluasi. Prinsip dan filosofi kewirausahaan sosial tampaknya mengisi kesenjangan tersebut dengan menekankan dan memperkuat visi wirausaha sehingga sejalan dengan visi pemerintah. Penelitian ini bertujuan untuk mengkaji peran-peran yang dilakukan oleh pemerintah dalam mendorong social entrepreneurship sehingga dapat memberikan masukan dari kelemahan kebijakan selama ini.*

**Kata kunci:** social entrepreneurship, kemitraan, kebijakan

### Abstract

*The gap in social action practices between entrepreneurs or companies with the direction and goals set by the government when engaging the private sector to be involved in implementing sustainable social change needs to be evaluated. The principles and philosophy of social entrepreneurship seem to fill this gap by emphasizing and strengthening the entrepreneurial vision so that it is in line with the government's vision. This study aims to examine the roles played by the government in encouraging social entrepreneurship so that it can provide input on current policy weaknesses.*

**Keywords:** social entrepreneurship, partnership, policy

## 1. INTRODUCTION

The development of the tourism industry which is proven to have become one of the main foreign exchange earning engines in many developing countries such as Indonesia has indirectly campaigned for the goals of the concept of sustainable development. Investment in the tourism business in developing countries which are dominated by foreign investment also places a destination and developing industries in it to comply with norms, global codes of ethics issued by official world bodies such as UNESCO or achieving international certifications.

This fact does not seem to be a surprise because of the encouragement or emergence of market sentiment from the people of developed countries as countries with the largest contributors to market share who travel in the world already have awareness of the issues of social problems and environmental damage in the world. This condition indirectly forces investors, entrepreneurs and company management to follow market demands to innovate in running their business growth and sustainability, not only to focus on a profit-oriented approach but to shift to a philanthropic approach, from profit-oriented entrepreneurs to social

entrepreneurs. According to Haryono (2021) (Ambalele et al.,2022) Social entrepreneurship is the field in which entrepreneurs tailor their activities to be directly tied to the ultimate goal of creating social value (Suciati et al., 2022)(Pahmi et al., 2022) (Pasulu et al., 2021).

Social entrepreneurship is the field in which an entrepreneur adapts his business activities to be directly tied to the main goal of creating social value. Social entrepreneurship utilizes entrepreneurial approaches to unravel social problems (Shaffie et al.,2012) (Pahmi & Mahmud, 2022). Dees added that social entrepreneurship uses an entrepreneurial approach to reveal social problems. It was further explained that in terms of the market, besides being able to maintain the social entrepreneurship market, it is also a new instrument in creating new market shares. The implementation of social entrepreneurship in Indonesia itself has been developed and practiced by tourism industry business people in Madura as a destination with a tourism industry. Various types of tourism businesses have started to bring social and environmental issues into their business activities. As a small example, charity activities such as blood donors, free medical check-ups, beach cleaning and invitations to consumers to do 3R Reduce, Reuse, Recycle (Haryono, 2017) (Pahmi & Busman, 2022) (Irfan et al., 2021) (Putra et al., 2022).

It is certain that these published activities will bring about a more positive image change in the midst of a market share that has a higher level of awareness of the ultimate goal of sustainable development. Especially when the hotel has successfully obtained certifications such as the Green Globe Award or the Tri Hita Karana which are recognized globally and nationally which ultimately earns the title as an environmentally friendly and socially responsible hotel (Tellu et al., 2022) (Irfan et al., 2021).

This phenomenon can be seen as a necessity and advantage of a business. Most of the entrepreneurs see it as part of marketing communications, promotional events, investments with different objectives and with various types of implementation (Rachmadana, 2018) (Irwan et al., 2022) (Nurdin et al., 2022). Only a few of these entrepreneurs carry out it with a strong philosophy to bring changes in social values towards a better direction with the aim of alleviating poverty and increasing people's welfare. On the other hand, the government has also understood the importance of establishing partnerships by building a Public Private Partnership (PPP) between the government and entrepreneurs/companies to assist government programs in efforts to reduce social problems such as poverty alleviation. This can be seen from the issuance of regulations in the form of legislation, government regulations, ministerial regulations by requiring entrepreneurs/companies to carry out social and environmental activities.

This study aims to examine the role issued by the government as a regulator in encouraging entrepreneurs to do business that is socially and environmentally responsible by conducting analysis and studies through social entrepreneurship theories on various policies and regulations that have been promulgated by the government to find weaknesses of these regulations so as to provide recommendations for adjustments.

## 2. METHODS

The approach used in this study is to use a literature review approach. In data collection, the author collects data and information related to Socio Entrepreneurship through supporting data sourced from both national and international research journals, supporting books, newspapers and magazines. The literature review as explained (Creswell, 2007) has several purposes, namely to inform readers of the results of other studies that are closely related to the research being carried out at that time, to link research with existing literature, and to fill in gaps.

In previous research, literature reviews contain reviews, summaries, and the author's thoughts on several sources of literature on the topics discussed. This literature study aims to determine the Role of the Government as a Policy Holder in Encouraging Social Entrepreneurship in Madura Tourism Business.

### 3. RESULT AND DISCUSSION

#### 3.1 Social Entrepreneurship and Poverty Alleviation

Indonesia as a country with the 9th largest economy in the world still has big challenges in terms of poverty alleviation, realizing social welfare and environmental preservation. Government policies through laws and regulations that explicitly stipulate that the obligation of companies/entrepreneurs to carry out social responsibility is one form of the government's role in encouraging the creation of mutually beneficial mutually beneficial relationships to achieve common goals.

The result that emerges from this policy is a form of Corporate Social Responsibility program which is currently mostly carried out by the private sector (private) and State-Owned Enterprises (BUMN). However, the emergence of the regulations described above does not seem to be able to fill the void expected by the government with ideal real implementation in supporting government programs. Failure to resolve social problems is not only experienced by the government but also government partners, namely the private sector and civil society organizations. Raharjo (et al., 2017) also explained that there are weaknesses in CSR programs carried out by the private sector. Social activities that are packaged in the form of CSR to date tend to be "wild", without direction which may be due to weak motivation and understanding of the philosophy of the company/entrepreneur in implementing it, so that these social activities are not on target and only become a venue for marketing communications.

This shows that there are still weaknesses in the policy of implementing social responsibility by companies/entrepreneurs to support government social programs which have now become mandatory. However, in Sampangk Regency the weaknesses of these regulations, the emergence of regulation PER-08/MBU/2013 by the Ministry of State-Owned Enterprises has brought a new model of how the private sector should implement real social responsibility that is more on target.

This regulation seems to be a new step for how entrepreneurs, apart from complying with the mandated regulations, also take concrete steps with long-term goals to support the achievement of community welfare apart from just charity activities. The philosophy of the principle of social entrepreneurship begins to emerge from the emergence of this regulation.

According to Firdaus (2014), social entrepreneurship is not an institution or organization formed, derived from a private company (for example, the results of social entrepreneurship work are not measured by the amount of profit or the level of investment in Sampangan Regency, as in other business entrepreneurs, but in their success in the social impact it generates as well as the developmental impact of Sampangan Regency. capital and profits Efforts to solve social problems using an entrepreneurial approach are extraordinary breakthroughs (Firdaus, 2014).

This opinion emphasizes that Madura has a broader scope than the CSR activities that have been carried out by many private sectors so far. Through the partnership program model by

providing micro credit capital to small/medium entrepreneurs which has become a social responsibility innovation from state-owned companies, it has slowly given new hope for how to approach social activities better. The principles of social entrepreneurship that aim at sustainable social change have been adopted in this Partnership and Community Development Program with clear descriptions and implementation instructions.

### **3.2 Legislation Regarding Social Responsibility**

The government as a policy holder has realized the role of entrepreneurs in supporting government programs in tackling social problems they face, such as issues of social inequality, poverty, health, education and welfare. The following is a form of regulations issued by the government in encouraging entrepreneurs to be directly involved in carrying out business activities that are more socially responsible to the community.

#### **3.2.1 Law No. 40 of 2007 concerning Limited Liability Companies**

Article 1: Social and environmental responsibility which has a definition as an individual's commitment to participate in sustainable economic development in order to improve the quality of life and the environment that is beneficial, both for the individual himself, the local community, and society in general.

Article 66: The annual report as referred to in paragraph (1) must contain at least: Report on the implementation of social and environmental responsibility. Article 74 (1) Companies carrying out their business activities in the field of and/or related to natural resources are required to carry out social and environmental responsibilities. (2) Social and environmental responsibility as referred to in paragraph (1) is a company obligation that is budgeted for and calculated as a company expense, the implementation of which is carried out with due observance of decency and fairness. (3) Companies that do not carry out the obligations referred to in paragraph (1) are subject to sanctions in accordance with the provisions of the laws and regulations. (4) Further provisions regarding Social and Environmental Responsibility are regulated by Government Regulation.

Government Regulation no. 47 of 2012 concerning Social and Environmental Responsibility of Limited Liability Companies Article 2: Every individual as a legal subject has social and environmental responsibilities. Article 3, point (1): Social and environmental responsibility as referred to in Article 2 is an obligation for companies that carry out their business activities in the field of and/or related to natural resources based on the law. Article 4 (1) Social and environmental responsibility is carried out by the Board of Directors based on an individual's annual work plan after obtaining approval from the Board of Commissioners or GMS in accordance with the Company's articles of association, unless otherwise stipulated in laws and regulations. (2) The Company's annual work plan as referred to in paragraph (1) contains the activity plan and budget required for the implementation of social and environmental responsibility.

Article 7 Companies as referred to in Article 3 that do not carry out social and environmental responsibilities are subject to sanctions in accordance with statutory provisions. Article 8, point (2): Companies that have played a role and carried out social and environmental responsibility as referred to in paragraph (1) may be awarded by the competent authority. Law No. 25 of 2007 concerning Investment

Article 15. Every investor is obliged to: (1) Apply the principles of good corporate governance; (2) Carry out corporate social responsibility. (3) Make a report on investment activities and submit it to the Investment Coordinating Board; (4) Respect the cultural traditions of the community around the location of investment business activities; and (5) Comply with all statutory provisions.

### **3.3 Social Entrepreneurship in the Tourism Business in Madura**

It has been explained previously that leaks in the implementation of social responsibility are mostly carried out by the private sector, in this case the tourism industry in Madura, has shown that the amount of allocated funds absorbed in the form of CSR does not guarantee that these activities are on target.

The implementation of social activities, which so far has been mostly carried out by private parties engaged in the tourism industry business in Madura, tends to be driven only by the motivation to comply with government regulations and mere promotional events. It seems that the government as the regulator needs Madura to conduct a study with the aim of providing clear guidelines/instructions on how entrepreneurs/companies should adopt more targeted social activity principles, such as the example of the Partnership and Community Development Program (PKBL) issued by the Ministry of BUMN which is not only an appeal but a clear description of how these activities should be carried out to achieve the stated goals, namely sustainable social change. The sparkling development of the tourism industry in Madura to date has brought great benefits to the State, Province, Entrepreneurs, and the community. However, it cannot be denied that the local government itself still has a big task in distributing tourism to people who are not directly involved as private entrepreneurs or workers (Haryono, 2021).

The Partnership Program is one of the right steps in empowering the community in addition to the many grant distribution activities that are carried out. Moreover, the tourism industry is a multi-sectoral industry which is supported by many other industries such as agriculture, plantations, animal husbandry that provide food, creative industries that provide souvenirs, and many other industries. It is hoped that by understanding the principles of social entrepreneurship which prioritizes social activities in the form of partnership programs, it can encourage supporting industries to become competitive industries which will lead to community empowerment to realize social welfare. But unfortunately this PKBL-type program only binds Persero/state-owned companies and does not bind the private sector to carry out partnership programs.

In addition, the role of the regional government of Madura in voicing the principles of social activity to the private sector is still relatively weak. At present the local government tends to only take the role of a mediator in negotiating local communities with entrepreneurs who will build a business in an area such as the percentage of local people who will work as laborers and grants that will be given to the village where the business is built. As the tourism industry in Madura develops, it is hoped that the regional government can also issue regional regulations that encourage the private sector, in this case tourism business actors, to assist local government programs by binding the private sector to carry out partnership programs.

## **4. CONCLUSION**

It is time for the central and regional governments, one of whose duties is to act as a regulator, to review the mandate of issued regulations, whether in the form of statutes,

government regulations or regional regulations. Social activities that were originally voluntary activities have now become mandatory. However, it seems that the mandate of the regulation has not been fully interpreted by the private sector as the party mandated to carry out these activities. It is time for the government to issue regulations that are more binding and outline the forms of social activities such as those issued by the Ministry of SOEs through the Partnership and Community Development Program (PKBL). This is of course in order to be able to provide clear direction and goals so that the principles/philosophy of social responsibility are embedded in the vision of a business entity to achieve sustainable social change goals.

The local government, in this case Madura, also seems to need to maximize its role in distributing wealth from the abundant tourism business income in Madura. This role is not only in the form of mediation between entrepreneurs and local communities but the need for a Regional Regulation which gives a mandate to entrepreneurs who do business in Madura to be able to have a commitment in bringing the people of Madura to prosperity by contributing in the form of business credit or educational assistance which has a systemic impact and long term.

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