# Driving Factors, Innovativeness and Benefits of Social Entrepreneurships: Learning from Cases in Thailand, Vietnam and Indonesia

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Abstract:

Social entrepreneurship (SE) movement is rapidly growing, including in ASEAN region. Itis recognized to help alleviating various social problems. However, empirical researches on pioneering and development and the concrete impact of social entrepreneurs on society are still relatively limited. This study aims to understand whatfactors driving the emergence of social entrepreneurship are, how the role of the founder in giving birth to social enterprises is, what forms of innovation developed and what impacts social entrepreneurship have on society. This was an exploratory research with a multi-case qualitative approach. The research objects were 6 successful SE cases in the ASEAN region. The data and information were obtained through in-depth interviews with founders and SE managers. Further, the identified results and analysed patterns were obtained by comparing all cases using tables and matrices to draw conclusions. This study found that a SE which managed to focus on solving certain social problems used innovative ideas and programs, was managed with a business model and independence-oriented and was also supported by the characteristics of a qualified founder. Successful SEs could provide concrete benefits to the community which consisted of economic, socio-cultural and environmental benefits.

# SCIENCE AND TECHNOLOGY PUBLICATIONS

# 1 INTRODUCTION

The terms social entrepreneur and social entrepreneurship are not new but have been widely discussed in the literature on social change since the 1960s and 1970s. Since then, the term is used and often referred to the rapidly growing number of organizations that have created models for efficiently catering to basic human needs that existing markets and institutions have failed to satisfy. Social entrepreneurship is believed to be able to alleviate various problems of poverty and social issues in the community because it is run in the form of social enterprises that combine the practice of professional business with social motive.

Social entrepreneurship can be used as a generator of socially oriented economic development because it can provide socioeconomic stability in a country (Kostetska & Berezyak, 2014). Furthermore, Alvord, Brown, & Letts (2004) emphasized that social entrepreneurship can help solving various social problems in society,

especially those related to poverty issues that require fundamental transformation in social, cultural and economic systems. Thus, social enterprise is intended to be self-sustaining, able to expand widely with the aim of prospering the wider community, not only for the welfare of certain individuals (Zhang & Swanson, 2014).

In relation to the role of social entrepreneurship which in general aims to solve various social problems in the community, social entrepreneurship activities are expected to have a significant impact on the target group. The impact of social entrepreneurship has been experienced by many countries that have first developed this social entrepreneurship model. The benefits of social entrepreneurship in the community can significantly improve community welfare in the fields of economics, education and health (Widiastuti & Margaretha, 2011).

In his research on 121 social enterprises (SE), London, Dell'Amore, Rothstein, & StockhammerDeSimone (2014) found that the characteristics and experiences of SE founders and the level of difficulty of the social problems faced positively influence the emergence of innovative ideas which would have an impact in producing beneficial outcomes. A research by London et al., (2014) is a replication of Edmondson (2002); Lee & Nelson (2005) study who conducted studies on a smaller scale and they found similar research results. Other researchers, Diochon (2013) emphasized the importance of social entrepreneurship to produce impacts that are not only oriented to the efforts to alleviate poverty in the short term, but should be more directed towards the emergence of the target group's self-sufficiency in the long term.

Some previous studies emphasized the importance of the role of a founder or initiator of SE behind the success of social entrepreneurs. According to Rusli, Sahuri, Mashur, & Mayarni (2012), social entrepreneurs are people who have transformative power with new ideas, the ability to use and create opportunities in facing big problems, and a tireless attitude in realizing their vision until they succeed in spreading ideas. Alvord et al., (2004) asserted that in achieving its vision, social entrepreneurs need creativity and obsession, dare to take initiatives, be able to gather all resources and build organizations to protect and market their ideals, provide energy and centrally focused attention to overcome obstacles and that continues to improve, strengthen and develop the ideals that it strives for

In recent years, there has been a movement to develop social entrepreneurship in various regions of ASEAN countries. According to some literature 2014), Berezyak, (Kostetska & entrepreneurship is a kind of activity that needs to be revitalized in ASEAN countries, especially for marginalized communities. Leaders of ASEAN countries have officially announced that in 2015 the ASEAN economic community (AEC) has become a community with its motto: "One Vision, One identity, One Community". The Association of Southeast Asian Nations aims to be stable and prosperous community and a highly competitive region with equitable economic development, reduced poverty and socio-economic of disparities(College Management, However, poverty and welfare are still such a big issue in some parts of the ASEAN countries (Asian

# 2 RESEARCH METHOD

This research was an exploratory research with a qualitative approach and multi cases. As Flyvbjerg

Development Bank, 2012). Low incomes consumers constitute a majority of the region's population and they make up what is called the base of economic pyramid (BOP) (Elkington & Hartigan, 2008). Other words, these people are the foundation of the economic, social and environmental development in the region.

To respond to this opportunity and experience in the social entrepreneurship movement, it would be advantageous to study social entrepreneurs' initiatives in the ASEAN communities including their visions, aspiration, their innovativeness in developing social entrepreneurship, and the impact of their social entrepreneurships activities for the surrounding community. This article was written based on a study of 6 cases of social enterprises (SE) that were successful in the ASEAN region namely in Thailand, Vietnam and Indonesia. The SE cases raised from Thailand were Mae Khampong and Akha Ama Coffee tourism villages. In Vietnam, 2 cases studied were Craft Link - SE which was engaged in handicrafts, and Mien Koto, a SE engaged in education for street children and young people from marginalized groups in Vietnam. Furthermore, in Indonesia, 2 SE cases studied were KoperasiKasih Indonesia which is engaged in microfinance for minority groups that are not covered by formal financial institutions, and SE Yayasan Indonesia Medika in the field of health, which offers health clinics for Papuans by utilizing garbage insurance. These six cases were chosen for this study because they were examples of successful social entrepreneurship and had produced positive impacts in the form of significant changes in the social, political and economic context of the poor and marginalized.

The analytical approach in this article focuses on the answers to research questions that include: what are the factors driving the emergence of social entrepreneurship?; how is the role of the founder in giving birth to social enterprises?; what forms of innovation are developed and how are the impacts of the role of social entrepreneurship for the community? It is expected that the story of social changes from 6 SE cases in the ASEAN region can be categorized as successful stories and can be a world inspiration. Particularly, understanding this new practice may be well recognized in AEC so that future projects have a better change of benefiting the people and economy in the region.

(2004) suggested, an exploratory research could provide information on a real-life situation. Similarly, Stake (1995) also indicated that an exploratory study could probe into the particularity and complexity of a social phenomenon, and thus

enabling the researcher to understand not only the activities involved, but also the important surrounding circumstances. In other words, even with its exploratory nature, practical knowledge and understanding of particular contexts could be achieved satisfactorily.

This study conducted a comparative analysis of 6 social entrepreneurship cases in the ASEAN region which were categorized as successful SEs according to the 3 criteria used to select the research case, namely: SE had been operating for at least 4 years when the research was conducted; considered as successful SE indicated by the positive impact for the target community; and was willing to be studied. As a result, from a number of SEs contacted by researchers, 2 SEs were chosen in Thailand (Mae Khampong/MK and Akha AmaCoffe/ AA), 2 SEs in Vietnam (Craft Links/ CL and Mien KOTO/ MK) and 2 SEs in Indonesia (KoperasiKasih Indonesia? KKI, and Yayasan Indonesia Medika/ YMI).

To identify patterns that relate to cases in each country which were interesting to analyze, data collection was done through in-depth interviews with unstructured interview guidelines. The interviews were conducted directly with the founders and several employees of each SE for the purpose of completing information and crosschecking. Then, the researchers compared the patterns in 6 cases using tables and matrices. The results of this process were then analyzed resulting in some conclusions, although cases from various regions had their own peculiarities.

## 3 FINDINGS AND DISCUSSION

## 3.1 Profile of Cases Studied

Table 1: General Profile of Social Enterprises Studied

N	Indicator/						
0.	cases	MK	AA	CL	MK	KKI	YIM
1	Type of business	Eco Tourism	Café and coffee production	Traditional craftsmen empowerment in Vietnam	Holistic hospitality training program	Micro finance	Health clinic with garbage insurance
2	Establishm ent year	1999	2010	1996	1999	2011	2013
3	Location	Chiang Mai, Thailand	Chiang Ma; Thailand	Hanoi, Vietnam	Hanoi, Vietnam	Jakarta, Indonesia	Surabaya, Indonesia
5	Founders /gender/ag e*)	Miang — Tirame /Male/40 years	Lee AyuChuap aa/ Male/25 years	Tran TuyetLan /Female/ 32 years	Jimmy Pham/Male/ 28 years	Leonardo Kamylius/Ma le/ 28 years	dr. GamalAlbins aid/ Male/ 26 years
6	Founders' education backgrou nd	Graduated from long- distance- education. (senior high school)	Graduated from university in the field of Social worker	Master in business administration	Graduated from university in the field of tourism and hospitality	Graduated from Faculty of Economics of Indonedia university	Graduated from Faculty of Medicine In Surabaya

<sup>\*)</sup> age when establishing the S

Based on the 6 SE cases examined, it is obvious that the focus of the SE development sector varied greatly depending on the social issues that would be overcome. The focus of the development field includes eco-tourism (Mae Khampong), agriculture and post-harvest coffee processing (AkhaAma Coffee), traditional craftsmen empowerment (Craft links), education in the form of work-ready training (Mien KOTO), micro finance (Koperasi Kasih

Indonesia) and the health sector (Yayasan Indonesia Medika). All focuses of SE development above is indeed an answer to the social problems commonly found in developing countries. 3 of the 6 SEs studied have been established for a long time, reaching almost 20 years. Especially for Craft link, it is> 20 years old because Craft Link is the development of the activities that NGOs had done in Vietnam decades ago. Interestingly, it can be seen that the other 3 SEs, AkhaAma Coffee, KoperasiKasih Indonesia (KKI) and the Indonesian Medika

Foundation (YIM) turned out to be relatively young. This shows that the SE movement developed over time and more and more were interested in developing social enterprises.

Further, when it was related to the age of the founders, it can be seen that 4 SEs were initiated by founders who were relatively young, who were less than 30 years. In addition, all young founders had a formal undergraduate education background. This finding is certainly encouraging for social entrepreneurships activists as there are indications that young intellectuals are beginning to be sensitive to social problems around them and want to intervene directly to participate concretely to help overcoming social problems that may not be addressed by the government.

On the business performance, it can be seen that all SEs studied have good performance with concrete results. From the results of interviews with key informants, it was acknowledged that in the performance achievement, it was actually loaded with a number of fundamental changes to the community which included social changes (culture and mindset of the community), economic changes

(production, marketing processes and technology) and political changes (village regulations and local agreement). Miang (initiator of Mae Khampong) stated that he needed 4 years to convince the local community so that they were willing to support his idea which was intended to prosper the local community itself. In line with this, Mr.Kamilyus (founder of KKI) also said that he was almost frustrated in the first two years because it was difficult to raise public awareness to save for their own good. However, with a tireless effort, the community mindset can finally be changed.

# 3.2 Driving Factors and Innovativeness of SE

The background of an SE initiated is highly dependent on the emergence of an agent of change who is actually the founders of the establishment of social enterprises in the community. It was interesting to know what the driving factor that motivated the emergence of the intention to establish SE was. In this study, the driving factors for SE initiation have been summarized in Table 2 below.

Table2: Driving Factors of Social Enterprises Studied

No.	Cases	Driving Factors of SE Initiation		
50	IEN(	TE AND TECHNOLOGY PUBLICATIONS		
1	MK	The condition of poor people in the village where he comes from, and farming activities cannot meet his daily needs.		
		Infrastructure conditions are very bad (there is no electricity and the roads are very bad), so the village is isolated		
		There are not enough jobs in the village, so that villagers look for work out of the village and		
		villages are increasingly not developing		
		The opportunity to get a decent education for the villagers is very low		
2	AA	The poverty of the community in the Akha village		
		Poor education conditions, and in fact, Lee is being the only scholar in the village when he graduated		
		from university.		
		Agriculture is subsistence and conventional.		
		Farmers do not get adequate results from agricultural activities which are the main livelihoods of local residents.		
		Infrastructure in the village is very limited, although the Akha village has very beautiful natural		
		scenery but it is rarely visited.		
3	CL	CL was established to continue the international NGOs activities that helped empowering the		
		traditional handicraft products craftsmen from various remote areas in Vietnam.		
		CL aims to help the Vietnamese handicraft producers especially those in remote and poor areas, to		
		improve their lives through handicraft production and marketing, and also strives to revive and		
		promote traditional arts and crafts products and skills in Vietnam.		
		Educating people to appreciate and like traditional Vietnamese handicraft products.		
		Fighting for the implementation of fair trade principles so that artisan can earn enough wages.		
4	MK	The lives of young people who are at risk and disadvantaged in Vietnam (street children, young		
		people in villages who come from financially disadvantaged families).		
		The number of children who live on the street and do not have the opportunity to get a decent		
		education to change their fate in the future.		

		Many health and social problems that threaten children who live on the street.
5	KKI	There is a wide gap between the "the rich" and "the poor" groups in Indonesia and is very striking.  The poor group does not get the opportunity to get education, health services and good life quality.  The number of women from marginalized groups who work hard to support the family economy with productive activities such as trading and micro-scale home industry, but they cannot develop because of the difficulty in obtaining access to cheap credit.  Feeling called and motivated to do something meaningful in life for others (marginalized groups).
6	YMI	Concerned about the conditions of the poor and underdeveloped who have low incomes, low education and also poor nutrition and health conditions.  There are poor people who have limited access to health services and facilities, because eating regularly is difficult.  On the other hand, there is a problem of plastic waste that threatens the preservation of the environment that needs to be overcome.

Source: interview data, 2017

Table 3:Innovativenessof Social Enterprises Studied

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			The uniqueness of the credit system in KKI is that it requires borrowing credit members to save a sum of money together with loan installment payments. Thus, the members are expected to		

6	YIM	Developing a Waste Insurance Clinic, a microinsurance which utilizes the value of plastic waste
		that can be recycled as a health budget for households. Developing a website ready peduli.co.id
		that sells stories from people who have serious illnesses for fundraising (donations).
		Expecting to make HomeMedika.com where doctors can be sent to the homes of sick people in
		various regions. The principle is that rich patients pay, the poor are free from cross subsidies.
		The aim of the Yayasan Indonesia Medika is to serve the health of the poor while solving waste
		problems.

Source: interview data, 2017

Overall, from the information obtained from the key informants, social problems related to poverty, unemployment, little opportunities to get a decent education, poor nutrition and health, poor conditions and infrastructure low business productivity were recognized by all informants as the background factors for them to develop SE. However, there are some fairly specific reasons underlying the SE movement studied. For example, in Craft Link, one of the things that motivated them to establish Craft Link was to improve the welfare of the artisans of traditional Vietnamese crafts, and another reason was because of their concern about the diminishing value of art and traditional Vietnamese craftsmanship. Likewise, it was also found that the motivation behind Mien Koto's establishment as a ready-to-work training center for street children was a noble goal to reduce the level of crime in the lives of street children. The background factors of SE establishment which were also widely revealed from this research were a desire maintain environmental balance sustainability. The initiator of the Mae Khampong tourism village applied the concept of eco-tourism that paid attention to the balance in nature in managing tourism villages. Lee Chuapa also introduced an environmentally friendly coffee cultivation system to produce quality coffee.

With the background of these emerging social problems in overcoming the existing problems, this study found that each SE had creative ideas and innovations to be implemented. Interestingly, the results of the study found that each SE had a specific target group. For example, Maekhampung and AkhaAma coffee focused on the citizens of one village, Mien Koto targeted street children and Papah children with clear criteria, while KKI focused only on women from marginalized groups who had small-scale productive businesses. Based on the forms and types of innovative programs applied to each SE as stated in Table 2 above, it can be seen that there is a high variation between SEs. Innovative programs are very dependent on the condition and situation of each SE problem which is

quite varied. However, some general things that can be drawn from the innovativeness of all SEs studied are as follows: (1) SE had a clear vision and purpose; (2) there is a socialization program aiming to equalize the perception and rhythm of work related to the mindset of the target group; (3) implementing standardization and SOPs to maintain the quality of results; (4) managing organizations professionally with a business approach and profit oriented, but most of the profits were used for social purposes; (5) concerning about sustainability issues by paying great attention to financial independence in the long term.

#### 3.3 Benefits of SE

Similar to the essence of the activity of social entrepreneurships that are born to overcome various social problems in the community, it is only natural that it is expected that the social entrepreneurship movement can have a significant positive impact on society. Based on the results of observations and interviews with the key informants of this study, a number of positive impacts from SE were obtained and summarized in Table 4.

There are a number of positive impacts from social entrepreneurships movements from the objects of research recognized by all SEs. These positive impacts or the benefits of the SE movement studied can be grouped into 3 benefit groups, namely economic benefits, socio-cultural benefits, and environmental benefits. The three benefit groups are summarized in the following table.

In this study, it is seen that despite of most positive economic impacts, the positive impact of SE in the socio-cultural field is also equally important. The benefits of social culture such as the occurrence of positive behavioural changes in the target group are considered as important issues, because these positive behavioural changes can support the achievement of sustainable economic benefits

**Benefit Category** Forms of Benefit Economic Benefits Increased business productivity, Increased income and welfare of the target group, Opening new job opportunities, decreasing unemployment, opening the market, Product standardization and product quality improvement, Increased marketing capabilities. Socio-cultural Benefits The young generation wants to go back to the village, Becoming an initiator and inspiration for other communities, Increased power position of women in the family, Positive behaviour changes (saving), Art and cultural sustainability of health services at a low cost, Motivating young intellectuals to engage in SE activities. **Environmental Benefits** Infrastructure such as roads and electricity are getting better, Forests / ecosystems are maintained, Eco-friendly farming system.

Table 4: Benefit Categories of Social Enterprises

Source: interview result-based primary data, 2017

## 3.4 Discussion

The results of this research from 6 cases of social entrepreneurships from Thailand, Vietnam and Indonesia indicated a proliferation of social entrepreneurships in ASEAN countries. Ideally, social entrepreneurships arise because of the social problems in the community, which are expected that through social enterprise that is managed professionally and business oriented, the social problems can be overcome and the impact continues (Boschee & McClurg, 2003). Based on the scope and understanding of SE, it can be seen that the SEs examined were close to the ideal definition of the SE in question.

From this study, it was found that the background to the emergence of SE initiation was generally driven by economic problems revolved around the problems of poverty, poor health and education, high unemployment and low productivity of traditional agricultural or handicraft products. However, some SEs also highlighted environmental issues and cultural sustainability. This finding was in line with several other studies which confirmed that the purpose of organizing social enterprise was to overcome social problems in the community as the background of establishing SE (Konda, Starc, & Rodica, 2015; Kostetska & Berezyak, 2014; Lan, Zhu, Ness, Xing, & Schneider, 2014). Even on a macro level, the role of SE was expected to have an impact on poverty reduction or in other words SE could improve people's welfare (Widiastuti & Margaretha, 2011).

The majority of SE initiators in this study came from local communities so that the scope of the SE formed was more focused and regional. Most of the SEs studied were initiated by founders who were relatively young who were less than 30 years and had a minimum of formal education background. The SE field run by founders had an in-line relationship with formal founders' educational background. There was a possibility that the relatively young age and educational background that matched the field of SE established was a factor supporting the success of the SE studied. Some literatures emphasize that there are a number of key characteristics of social entrepreneurs that will determine the success in the development of SE.Rusli et al., (2012)assessed that SE will succeed if it involves social entrepreneurs who have transformative power with innovative ideas, are able to face major problems, and have a tireless attitude in realizing their vision until they succeed. Furthermore, London et al., (2014)andLan, Zhu, Ness, Xing, & Schneider (2014)stated that to deal with severe social problems, social entrepreneurs who have entrepreneurial experience are broadminded and able to produce innovative ideas. Strong aspirations from the actors of social. entrepreneurship are also a determining factor in the power fighting and success of social entrepreneurs(Roy, Brumagim, & Goll, 2014).

In achieving their vision, social entrepreneurs need creativity and innovative ideas, because the task of a founder is to take the initiative, gather all resources and build an organization to achieve sustainable results. The results of the interviews showed that the SEs who considered to be successful had various innovative strategies and programs. Each SE had a specific target group that was part of a weak, vulnerable, poor, marginalizes and small group of people such as poor rural communities, agricultural laborers, street children, disadvantaged indigenous people, young job seekers, and minority women's groups.

According to the scope of the innovative programs implemented by all SE actors, there was an application of the community empowerment principle in it which was an understanding of the cultural patterns of local communities; and the community development program implemented communities, should involve local participation (Rusliet al., 2012). In addition, the success of a SE was possible because it was assumed that the SEs studied were concerned about SE sustainability for the long term by emphasizing the financial independence principle from the start. The importance of this independence was in accordance with the findings of a number of previous studies. Diochon (2013) and Zhang & Swanson (2014) emphasized the importance of SE in order to be sustainable, so it is necessary to achieve the main goal of self-sufficiency rather than achieving other short-term oriented economic goals.

In relation to the positive benefits or impacts of SE, the results of the study indicated that there were three groups of benefits generated, namely economic benefits, socio-cultural benefits and environmental benefits. However, economic benefits still dominated the other two benefit groups. The existence of these benefits showed that the SEs studied were more focused on the impact creation and not only on profit creation(Ormiston & Seymour, 2011).

Finally, in the process of performing SE activities, all SEs studied run SE organizations in a professional manner with business minded and profit oriented, but the profit obtained from SE activities were mostly used for the development of social projects in line with the SE's vision and mission. This was in accordance with the characteristics of SE in a true sense as stated by Prof. J. Gregory Dees of Stanford University (1998 at Boschee & 2003)that social entrepreneurship the resourcefulness of traditional McClurg, the combines entrepreneurship with a mission to change society with five factors that define social entrepreneurship, namely: adopting a mission to create and sustain social value, not only on private value; recognizing and relentlessly pursuing new opportunities to serve that mission; engaging in a process of continuous innovation, adaptation, and learning; acting boldly without being limited by current resources in hand; and exhibiting a heightened sense of accountability

to the constituencies served and for the outcomes created.

# 4 CONCLUSION AND SUGGESTION

#### 4.1 Conclusion

Based on this research, several points could be concluded. Social entrepreneurship appeared as a result of social problems in the community, which included economic issues such as poverty, poor health and education, high unemployment and low productivity of traditional agricultural or handicraft products; as well as environmental issues and cultural sustainability.

The characteristics of founders or social entrepreneurs such as age, level of formal education, entrepreneurial mastery and educational background in accordance with the field of SE established were assumed to be factors supporting the success of an SE.

To succeed, SE needed to have innovative strategies and programs and had a clear target group. In addition, in the implementation of the program, it was necessary to understand the cultural patterns of local communities and community development programs carried out together with the community. Besides, SE also needed to pay attention to the long-term-SE sustainability by emphasizing the financial independence principle from the start.

SE had a positive impact on society which could be categorized into three groups of benefits, namely economic benefits, socio-cultural benefits and environmental benefits. These benefits proved that an SE was more focused on the impact creation than profit creation.

In the real sense of the SE characteristics, there were two fundamental aspects that were always present in a social enterprise which was the existence of a social mission underlying the birth of the SE and the business model, namely how social enterprises were run professionally with business minded and profit oriented yet the profit obtained from SE activities were mostly used for the development of social projects in line with the SE's vision and mission.

# 4.2 Suggestion

Based on this research, several suggestions could be appointed. The government of a country must better facilitate the birth of development agents in the community, because they will become actors of social change that use entrepreneurship as an approach to their activities. It is expected that social entrepreneurship can help the process of alleviating various social problems in a country. There have been many examples that the rapid progress of SE in developed countries has received much support from the government(Kaneko, 2013).

There needs to be a recognition or appreciation for individuals or institutions for social entrepreneurs who have a broad impact on the transformation of people's lives. Moreover, there needs to be appropriate incentives for the creation and development of social enterprises(Konda et al., 2015).

Lastly, there needs to be more support from various elements such as industry, society and academia towards the social entrepreneurship movement in a country, which can generate mutual benefits for all parties.

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