

COMMUNITY BASED APPROACH ON MICRO FINANCE SERVICE WITH SOCIAL ENTREPRENEUR CONCEPT

Case Study : Parish of Robertus Cililitan

Hendro Budiyo

Doctoral Management Program
Faculty of Post Graduate
Mercu Buana University
Jakarta, Indonesia
hendrokaj@gmail.com

Sri Witjaksono Widiadibrata

Doctoral Management Program
Faculty of Post Graduate
Mercu Buana University
Jakarta, Indonesia
maswi85@yahoo.com

Abstract

Indonesian economic growth has been trending down from about 6.5 % in 2010 to less than 5 % in second half of 2017. Although global economy is also still struggling to recover after world crisis, economic expectations improved by prospects of growth in the last quarter of 2017. In February 2017, unemployment data was recorded at 5.33 percent or 7.01 million people. When compared to February 2016 and then reached 5.50 percent, then open unemployment data in February 2017 decreased 0.17 percent or 10,000 people. Bappenas data states that the projected population of Indonesia until 2035 is estimated to reach 305,652,400 million people. If there is no significant policy breakthrough, no one can imagine TPT rate will also increase, and can cause various social issues. To promote economic growth, Indonesian government should encourage entrepreneurship and innovation. One of the new economic concepts is the "Community-Based Creative Economy" which is a community-driven concept of entrepreneurship that is socially committed to bring changes to be more advanced and cooperative-minded. This study using the methodology by analysis of indepth interviews and observed from some user of microfinance institution as a role model. The concept aimed at lower and middle-class workers, and depends on three vital elements : government, private economic institutions (cooperatives and banking) and educational support from the university. Such a concept of social entrepreneurship is a powerful opportunity to be implemented in Indonesia, but still facing many challenges if tends to be developed into massive, structured, and sustainable movement. The purpose of this research is to present the result of the application of microfinance service model with community-based in Parish of Robertus Cililitan, East Jakarta. The research is conducted qualitatively, literature reviews from related theories were used to explained the policy. From this research, micro finance model had significant influence for the improvement of the welfare of middle to lower class workers. Further research with broader spectrum is needed to established model that can be applied in more global and comprehensive way.

Keywords: community, social entrepreneurship, creative economy, microfinance services, prosperity

1. INTRODUCTION

The pace of the Indonesian economy continues to slow. In 2015, economic growth was recorded at 6.5 percent, then slowed to 6.23 percent in 2016, and 5.78 percent in 2017. This year, economic growth is estimated at only about 5-6 percent. On the other hand the state of the world economy is also still slow. What measures can be offered to keep the economy growing so that Indonesia's economic growth can absorb more labor, reduce poverty and unemployment, and overcome inequalities in society. The steps that can be offered are the design of "Community Based Economy". This model is a concept of "community-based social entrepreneurship". The Central Bureau of Statistics (BPS) released the latest poverty and inequality data. The poverty rate increases, and the level of inequality (gini ratio) moves stagnant. The poverty rate in Indonesia is measured in gini ratio per March 2017 of 0.393, relatively stagnant compared to the gini ratio in September 2016 which reached 0.394 or decreased by 0,001 points. As of March 2017 the number of poor people in Indonesia reached 27.7 million increased by 6,900 people compared to September 2016 which amounted to 27.76 million. Gini ratio is an index used to measure income inequality between the poor and the rich. "Gini ratios are stagnant, almost unchanged compared to September 2016. This shows that all our economic development activities have not resolved inequality or inequality or between inequality between" rich or well-off "and" poor or underprivileged "communities (especially small and medium-sized groups) The gap is not narrower, but it gets wider. According to Rhenald Kasali, Ph.D, chairman of MM University of Indonesia program in his article entitled "Inequality, Insecurity" writes inequality or inequality because of these things: (1) the social system does not work well, (2) 2) subsidy is misplaced, (3) the economy is too liberal, (4) corruption continues to be widened from government to politics and private business world, (5) the occurrence of economic crisis. Still according to Rhenald Kasali, Ph.D, stated that the design of Indonesia's economic development has changed, from planned economy to market economy. The economic design certainly brings consequences, such as free competition, price and quality determined by the market, the power struggle, and the dependence on the international world. In addition to that, the World Bank warned, Indonesia is expected to spur economic growth above 9 percent in order to avoid middle class traps or middle income trap. According to the World Bank Country Director for Indonesia Rodrigo Chaves, if the economy is above 9 percent, Indonesia is expected to enter the high-income countries by 2030. Conversely, if growth is only 5-6 percent per year, in the long run the economy will stagnate. To avoid the trap, the Governor of Bank Indonesia Agus Martowardojo said there are three factors that should be applied. First, improve the competitiveness of industry and national economy. Second, that is to increase economic independence, and third, to increase the source of financing. Setyo Budiantoro, Executive Director of Perkumpulan Prakarsa, said that the real economic growth target should not be above 9 percent. "The important thing is to ensure that the growth is quality" means to absorb more labor, reduce poverty, and overcome inequality in the community. The World Bank released four factors to boost Indonesia's economy. To be effective, these four factors must be accompanied by appropriate policies. Here are four factors. **First, Demographics.** The working population is up 14.8 million from the original 17.4 million people, resulting in 2020 to 189 million people. Currently, half the population of Indonesia is under 30 years of age. The educated and tech-savvy youth population will be an asset to boost productivity and economic growth. **Second, Urbanization.** The number of urbanization in Indonesia is 4 percent per year. It's one of the fastest in the world. By 2025, about 68 percent of Indonesia's population will live in urban areas. Major cities like Jakarta and Surabaya will reach saturation point. Conversely, growth in small towns will increase. Infrastructure investment is needed to link urban and rural areas and ensure equal distribution of welfare. **Third, Global Commodity Price.** Falling commodity prices since 2011 on the one hand has a negative impact on Indonesia's trade balance. However, on the other hand, this provides an opportunity to improve the quality of export commodities and open investment opportunities in manufacturing. **Fourth, China Growth.** The high rise in wages of workers in China that reached 70 percent since 2005 will make foreign investors in the manufacturing industry turned to other countries, including Indonesia. The decline in the yuan exchange rate has also slowed China's manufacturing industry, resulting in greater manufacturing investment opportunities in Southeast Asia (Tempo newspaper, Tuesday, June 24, 2014, pp. 6). Four proposals from the World Bank are a key macro record for Indonesia's economic growth and growth with a variety of challenges and difficulties

ahead. However, I am interested in the thinking as well as its implementation of the microeconomic model to grow the Indonesian economy for the middle to lower society who often lack access to improve their economic level. This model is called the "**Community-Based Economy**" design of a "**community-based social entrepreneurship concept**". With this model, the economic development paradigm is rolled out through community or group economic development approaches or microeconomic approaches. This concept is an applied economic concept through the empowerment of society and its economy in developing macroeconomics. It has the power to reduce the gap between the poor and have no capital or access to capital with the rich who have capital or access to capital. The concept and model of this approach has been done and intensified by elements of society and government institutions so that it becomes a movement. But the movement has not **been massive, structured and sustainable**. This is the challenge and big problems going forward. Though the movement is able to provide effective solutions to overcome social problems, including settlements, poverty, and unemployment. Because, basically the estuary of it all is the improvement of community life that participates and sustains government employment performance and stimulate the economy. The issue and challenge is how the "**Community-Based Economy**" movement for lower-middle-class society can work in a massive, structured and sustainable way. The most important and therefore indispensable thing is willingness, decision, courage, commitment and tripartite cooperation between government, private and universities or colleges to support and implement this model to improve the welfare of the middle and lower class workers so that the economic growth of the people is real.

2. COMMUNITY BASED ON MICRO FINANCE

We have often heard the word "**community**". What does it mean and its characteristics? The community is a social group of some organisms that share the environment, generally having the same interests and habitats. In the human community, the individuals in it can have purpose, belief, resources, preferences, needs, risks, hobbies and a number of other similar conditions. The community is derived from the latitude of *communitas* meaning "commonality", can then be derived from *communis* meaning "equally, publicly, divided by all or many". (Wenger, 2002: 4). According to Crow and Allan, communities can be divided into 3 components. Most community members are people who have knowledge and funding resources, which are now assumed to be middle class. They are people who have a high concern for the social environment and are struggling to do something. Idealism brings the community into an in-between form between activists offered in a softer way that is capable of mobilizing hedonists who seldom care about each other. Locus-of-control brings the community to fight for their own idealism because it sees that it is an opportunity. In the domain of Entrepreneurship, research is still rare for the community (Davidsson, 2004). In fact, they bring newness and new-offering to the public. Because of the message the community brings is also important in changing the mindset and behavior. In the community there are families, protection, social, market, capital, assets and passion. All that can be realized because of the community. The definition of community is a group of people living in the same place, region, and country that becomes a unity. The community is also a group of people who have similarities, such as work similarity, passion, uniqueness, or similarity to the background of an event, and so on which the common interest in the group. While the economy is an activity to add value of a productive activity to produce, distribute, and consume a good or service. Economics is the study of the productive flow of money from dynamically moving industries and commerce. From the economic (entrepreneurial) side, the community has tremendous economic power to develop micro economy, but also can develop macroeconomic power, become economic giant as we will welcome in 2015, **Asean Economic Community** a community movement consisting of state- countries throughout Southeast Asia. Then what is the definition of Community Economy? Based on interview with one small form of microeconomics of the lower-middle-class workers who are guided by an institution, we found that the small community does not have access to banking, whereas their numbers are very large in Indonesia. Some of them have tremendous economic potential, possessing intellectual property that is still hidden and unknowingly, having creativity that has not been maximally developed. Besides that is not less important is they have the potential of hard work and dare to speculate because formed by the situation, nature and the environment is difficult, it's just they do not have financial capital. If they have the financial strength, knowledge and expertise, they will definitely develop. Starting from that

experience the community economy puts forward the mindset education (mindset) of the community. This education is important so that the economic community from the lower middle classes who are fostered undergoes a renewed mindset. With such a mindset, the economy of the community is described as the person who lends the capital of the hook for no fee, because the person who is given the loan must return the hook capital with little interest. This is the key to the success of the community economy because it educates the economic literacy community (financial awareness). Thus the understanding of community economy in general is an economic activity that generates profits made by a community that agrees and is homogeneous and heterogeneous. The special definition of **community economy** is the **first**, an activity that empowers the potentials that already exist or owned by the community, but has not been explored so that economic activity can become a source of income for the lives of its members. **Second**, the activities of building a community network, in terms of production or marketing (network marketing) or other productive activities. **Third**, activities activate the potential within the community to achieve prosperity. **Fourth**, the economy moves because of the similarity of passion, hobbies, goals / visions of a community. They agree and unite passions, dreams, visions, and missions so as to find the power to move and reach them. **Fifth**, a community effort in helping oneself and collectively helping others in the Credit Union container and running it with high integrity to welfare its members. Community economies managed by economic communities have a strong commitment and new power to move forward together in the economy because they have a solid nature in self-reliance, self-sufficiency, solidarity and education.

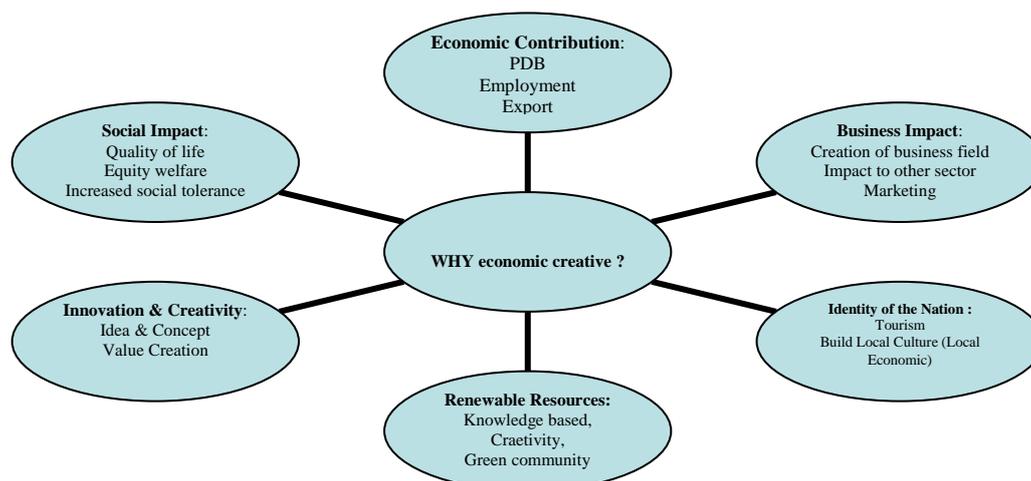
3. ECONOMIC COMMUNITY: REASONS AND OPPORTUNITIES

The concept of a Creative Economy is an economic concept in a new economic era that intensifies information and creativity by relying on the idea and stock of knowledge of Human Resources as the main factor of production in its economic activities. Speaking of the concept of creative economy becomes more comprehensive when accompanied by an example. Here's one of the creative economies of a small layer of society:

Call it his name Mr. Sumadiyo lives in Pamulang Elok Depok-West Java has 3 children and has no permanent job. Saturday, June 26, 2013 at 17:00 I took the time to interview and see the creative economic efforts that he does every day. Although not having a permanent job Pak Madiyo many activities at home ranging from planting hydroponics, selling to make chips from cassava material. Where the creative location is first, the material of making these chips is very easy to get the cassava and the price is still very affordable. Price of one kilo pound is only Rp 2000. Secondly, the capital used is also very affordable but the results obtained are very promising. Third, anyone can run this economic business. Fourth, the equipment used is also easy to obtain the knife to shave cassava and this knife is made by Mr. Madiyo through several stages, small LPG gas, cooking oil, plastic wrap. Fifth, the profit earned can reach 200-300%. 4 kilograms of cassava that has been through the stage of the manufacturing process can be 32 packets of chips, where 1 pack of chips priced Rp 10,000 so the total yan obtained Rp 320,000. 4 kg of cassava that is ready to be fried requires cassava ingredients of approximately 20 kg of cassava so that the required capital of Rp 40,000 because 1 kg of cassava cost Rp 2000. 4 kg of cassava that is ready through the processing stage takes 5 days. Here is the stage of the process of making chips that eventually became the principal of its manufacture through several experiments that Mr. Madiyo do for approximately 2 years: a). Choose cassava that is straight and not too big, b). Cassava peeled and washed clean, c). Aerated (not dried) for the water to dry / disappear, d). cassava is shaped elongated or round, e). cassava is boiled in boiling water for about 30 seconds, f). Cassava is removed from the stew and immediately immersed in cold water for about 3 days, g). On the third day the cassava is dumped and then replaced with fresh water, g). Cassava is dried in the sun, h). Once dry, cassava can be stored or directly fried.

Based on the example above, the structure of the world economy is changing rapidly in line with economic growth, from the former based on Natural Resources (SDA) now being human-based, from the agricultural era to the industrial and information era. Alfin Toffler (1980) in theory to divide the wave of economic civilization into three waves. The first wave was the wave of agricultural economy. Second, the wave of information economy. Then predicted the third wave which is a wave of creative economy with the orientation of creative ideas and ideas. Howkins (2001) in his book *The Creative Economy* finds the presence of a wave of creative economy after first realizing that in 1996 US copyright exports had sales value of US \$ 60.18 billion, which far exceeded exports of other sectors such as automotive, agriculture and aircraft . According to Howkins a new economy has emerged around the creative industries that are controlled by intellectual property laws such as patents, copyrights, brands, royalties and designs. Creative economy is a concept development based on creative assets that potentially increase economic growth. (Dos Santos, 2007). The concept of the

Creative Economy is increasingly getting major attention in many countries because it can give a real contribution to the economy. In Indonesia, the echoes of the Creative Economy are starting to sound as governments seek ways to improve the competitiveness of national products in the face of global markets. The Government through the Ministry of Trade in cooperation with the Ministry of Industry and Ministry of Cooperatives and Small and Medium Enterprises (SMEs) and supported by KADIN then formed the Indonesia Design Power 2006-2010 team which aims to put Indonesian products into acceptable products in the international market but still have national character. After realizing the enormous contribution of the creative economy to the country then the government further conducted a more intensive study and launched a blueprint for the development of creative economy. In an effort to stimulate growth and promote the creative industry, the government conducts large scale programs such as: (1) Launching of Creative Industry Contribution Mapping Study of Indonesia at Trade Expo Indonesia, (2) Indonesian Creative Year Promotion 2009, (3) Creative Product Week 2009, (4) Creative Economy Exhibition. The ability to realize the creativity that is mixed with the sense or value of art, technology, knowledge and culture becomes the basic capital to face the economic competition called creative economy as an alternative economic development in order to improve the welfare of society. The reasons why Indonesia needs to develop the creative economy are, among others, because the creative economy has great potential in: Providing a significant economic contribution, Creating a positive business climate, Building the image and national identity, Developing the economy based on renewable resources Creating innovation and creativity Creating excellence competitiveness of a nation, Providing a positive social impact



Prof. Togar M. Simatupang, Ph.D Professor of Business School and Management Bandung Institute of Technology, Expertise of Supply Chain Modeling, Theory of Constraints, ERP, and Six Sigma, in MBA-ITB Business Review, Volume 3. 1 2008 expressed his thoughts as follows: The creative economy brings new insights into thinking of the importance of creativity as a key driver in creating commercial excellence and more lasting business performance. Companies compete not through cost efficiency, but through creativity, knowledge, and innovation in promoting real growth. In the creative economy, intellectual capital can surpass the value of money capital and physical capital. The presence of creative economy provides new opportunities for Indonesia to develop the creative economy. Import substitution and export demand is a form of opportunity that already exists. However, the creative economy relies heavily on human resource development with its talent being the main input in creative economic turnaround. The creative economy is also inseparable from the development of art and technology. Creative products not only come from art and cultural ideas but also intellectual and knowledge ideas. Therefore, talents and intellectual capital must be developed if Indonesia wants to capture creative economic opportunities. Indonesia has been behind for more than ten years in developing the creative industry. Breakthrough policies are needed, especially to unify the views of policy makers at the ministries and local government levels. Meanwhile, creative industry players also need to be given incentives and mechanisms to be willing to invest in research and development activities, and finally able to produce creative products and services. Creative

communities and classes also need to be encouraged to develop, especially in terms of intellectual property rights and protection and are free from unequal exploitation in the production chain of creative products and services. If the stakeholders of the creative economy are unable to create synergies, then it can be predicted that the Indonesian nation is only a user of creative products originating from other countries. In addition, talents and intellectual capital also become useless because it cannot be transformed into a competitiveness that determines the common prosperity as a nation.

4. SOCIAL ENTERPRISES AS SOLUTIONS

We are inspired by the reviews in the Kompas Newspaper on Friday, June 20, 2013 p. 37 "International telescope" entitled "Social Entrepreneurship: Finding Gotong Royong in the City of London". The review made me dream and aspire to happen also in Indonesia especially in Jakarta and also other areas. Portrait of 30 years of social entrepreneurship in London, England is one of the countries that became the center of civilization in Europe. The busyness of business and capital turnover in the city of London continues to provide a friendly space for the growth of a community-based creative economy conceptualized in the form of social entrepreneurship for lower-middle-class workers. The success of social entrepreneurship in the city of London due to the existence of a unified and sustainable cooperation 3 (three) parties namely government, private and universities. Quoting Ari Sutanti, Senior Program Manager of British Council Indonesia, considered that the spirit of social entrepreneurship actually has strong roots in Indonesia, for example cooperatives present before independence era and run social organization. In addition he is proud of the rise of community-based activities led by educated young people. Indonesia still has many opportunities to cultivate social entrepreneurship with a community-based creative economy model that becomes a massive, structured and sustainable movement spearheaded by governments, private and universities.

5. CONCLUSION

With the idea of empowering the community-based creative economy through social entrepreneurship economic development is driven through a group or community economic development approach or microeconomic approach. It has a tremendous power to improve people's lives, especially the middle to lower layers, thereby reducing the gap between the poor and the lack of capital with the rich who have the capital. Social entrepreneurship is a paradigm that has been proven to support the nation's economic development. Governments, private and colleges need to work together to be the guarantor of social entrepreneurship sustainability. Because, basically the estuary of it all is the improvement of community life that sustains the performance of government work and stimulate the economy. Efforts that can be done by the government is to shade the business with regulations that favor the strengthening of social entrepreneurship patterned and patterned community-based creative economy to the middle layer of society down. It is best if this policy reaches the level of district (*kelurahan*) through training, coaching and providing or adding capital with a credit union system with low interest rates. Efforts that can be made by the private sector is to pay attention in cooperation with the government to manage well and structured by providing capital assistance and capital development and management of places for the creative economy communities so as to create quality and quantity improvement of existing entrepreneurial groups or communities. The university or college in collaboration with the private sector and the government continues to provide the results of scientific studies on the concept of social entrepreneurship that is able to increase the economic growth of micro and were able to reduce the social problems, but it can involve themselves in the implementation of social entrepreneurship by sending students to become a volunteer for assisting communities creative economy tiny layer of society whose role and to cultivate seedlings young entrepreneurs are creative. Thus the role of government, private sector and universities in order to empower community-based creative economy with the concept of social entrepreneurship to achieve a more prosperous living standard for the people of a small layer can run massive, structured and sustainable.

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Biographies

Hendro Budiyanto is a Doctoral student at Mercu Buana University, Jakarta. He had bachelor degree from Atmajaya University of Indonesia, majoring in Education Program For Teacher, and master degree from Mercu Buana University, Jakarta, majoring in Management. Hendro Budiyanto was working experience as follow : as expert staff and instructor at Jakarta Diocese's Catechetical Commission. He is also a lecturer at Indonesia Kalbis Institute with major in Ethics and religiosity. His research interest including : Human Resources Management, Servis Quality

Sri Witjaksono Widiadibrata is a Doctoral student at Mercu Buana University, Jakarta. He had bachelor degree from Institute Technology of Indonesia, majoring in Industrial Engineering, and master degree from Mercu Buana University, Jakarta, majoring in Management. Sri Witjaksono W has working experience as follow : as Director of Operation & Commercial in Gotrans Logistics a subsidiary of Panasonic Gobel Group, also as a Chairman of Supply Chain Logistics Center. This is a part of Indonesian Logistics Assosiation (ALI) organization which support to develop personnel competecy in logistics industry and prepare some workshop for logistics certification. He is also a lecturer at Indonesia Institute of Technology (ITI), Tujuhbelas Agustus University (UTA) with major in Logistics Management. His research interest including : Human Resources Management, Marketing