

A COMPARATIVE ANALYSIS OF SOCIAL ENTERPRISE IN SOUTH KOREA AND INDONESIA

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Abstract: Social enterprise (or, institutionally, social business) is a business practice that focuses on social activities in which both market and government fail to deliver social benefit, welfare, justice, and sustainability. Some countries such as South Korea, the United Kingdom, the USA, and others have progressively developed a suitable ecosystem for social enterprise. Indonesia, with its growing social enterprises in society, also needs a suitable and favorable ecosystem to ascertain the progress and sustainability of such enterprises. This study is intended to design a business ecosystem ideal for Indonesia's social enterprises. It was conducted by comparative analysis of the social enterprise ecosystem in Indonesia and South Korea. South Korea is considered a country with the most progressive social enterprises in Asia through a systematic literature review. The comparative analysis result is further analyzed using the BEEP (Babson Entrepreneurship Ecosystem Project) Model. This study shows that there are several significant differences and gaps between Indonesia and South Korea's business ecosystem for fostering the progress of social enterprises notably in the areas of government policy, finance, and human capital in which Indonesia needs to reflect on developing and fostering her social enterprise ecosystem. The interplay of factors and players of the social business ecosystem in Indonesia will thrive if the government can properly nurture existing social culture, promote proper policies, roll out appropriate and accessible levels of the playing field, and develop a consistent and impartial legal framework.

Keywords: social enterprise ecosystem, social business, entrepreneurship ecosystem, systematic literature review

Abstrak: Perusahaan sosial (atau, secara kelembagaan, bisnis sosial) adalah praktik bisnis yang berfokus pada aktivitas sosial di mana pasar dan pemerintah gagal memberikan manfaat sosial, kesejahteraan, keadilan, dan keberlanjutan. Beberapa negara seperti Korea Selatan, Inggris, Amerika Serikat, dan lainnya telah secara progresif mengembangkan ekosistem yang cocok untuk usaha sosial. Indonesia, dengan usaha sosialnya yang berkembang di masyarakat, juga membutuhkan ekosistem yang cocok dan menguntungkan untuk memastikan kemajuan dan keberlanjutan usaha tersebut. Kajian ini dimaksudkan untuk merancang ekosistem bisnis yang ideal bagi usaha sosial Indonesia. Dilakukan dengan analisis komparatif ekosistem wirausaha sosial di Indonesia dan Korea Selatan. Korea Selatan dianggap sebagai negara dengan wirausaha sosial paling progresif di Asia melalui kajian literatur yang sistematis. Hasil analisis komparatif dianalisis lebih lanjut dengan menggunakan Model BEEP (Babson Entrepreneurship Ecosystem Project). Studi ini menunjukkan bahwa ada beberapa perbedaan dan kesenjangan yang signifikan antara ekosistem bisnis Indonesia dan Korea Selatan untuk mendorong kemajuan usaha sosial terutama di bidang kebijakan pemerintah, keuangan, dan sumber daya manusia di mana Indonesia perlu merefleksikan pengembangan dan pembinaan sosialnya. ekosistem perusahaan. Saling mempengaruhi faktor dan pelaku ekosistem bisnis sosial di Indonesia akan tumbuh subur jika pemerintah dapat memelihara budaya sosial yang ada dengan baik, mempromosikan kebijakan yang tepat, meluncurkan tingkat lapangan permainan yang sesuai dan dapat diakses, serta mengembangkan kerangka hukum yang konsisten dan tidak memihak.

Kata kunci: ekosistem perusahaan sosial, bisnis sosial, ekosistem kewirausahaan, tinjauan literatur sistematis

Article history:

Received
27 March 2023

Revised
6 April 2023

Accepted
27 April 2023

Available online
30 April 2023

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INTRODUCTION

Government and market failures encourage the development of business ideas and practices as social enterprises. A social enterprise is a business entity that focuses on solving social problems to reduce social problems and create social value through a market approach and innovation (Alter, 2007), not only focusing on profit and material accumulation as a general private enterprise. Social enterprises seek to fill the gaps in public problems that have not been optimally resolved by the government and the market (Jang, 2017). Several countries such as the UK, USA, and South Korea are very active in supporting the development of social enterprises because of the large role and positive impact it produces, so these countries provide support in the form of financial resources, development, and research by educational institutions, special policies and regulations, incentives. Taxes, special institutions or ministries, and a system that embodies a conducive ecosystem (McMurtry and Brouard, 2015).

The entrepreneurship ecosystem is the interaction that occurs between individuals and various institutional stakeholders (Isenberg, 2011). The entrepreneurial and innovation ecosystem is one of the things that have a direct and significant positive influence on the sustainability of social enterprises (Desiana et al., 2022). South Korea is one of the countries that is active and progressive in promoting social enterprise models and the growth of good ecosystem support for the community. Social enterprise (Bidet and Kim, 2015). South Korea is the only country in East Asia that legally defines social enterprise, provides access to public finance, support for project development costs to improve social enterprise management capabilities, research and development, public relations and marketing (Liang, 2016). Another support provided is social insurance and administrative support through establishing a South Korean social enterprise promotion agency (KoSEA) to encourage establishing a social service market (Bidet and Kim, 2015). Korea also provides tax support in the form of a 50% reduction in acquisition tax costs, a 25% reduction in property taxes, VAT exemptions for health and medical education services provided by social enterprises, and other support (Utami et al. 2020). These efforts made social enterprises develop and grow well in South Korea. In 2014, there were 1,100 certified social enterprises (Liang, 2016), and increasing rapidly until 2020, there were 2,435 certified social enterprises and 1,412 social pre-register enterprises (Lee, 2020)

Indonesia, with social enterprises that continue to grow and show positive trends in society (British Council, 2018), also needs a suitable and profitable ecosystem to ensure the progress and sustainability of these companies. However, the implementation of social enterprise in Indonesia faces various challenges, including the absence of concrete support from the government, whether it is a legal basis for legal forms, tax regulation, or management by special ministries or institutions (Nuryana, 2017; Lontoh, 2020). Another obstacle is the financial aspect, access to investment in capital and debt in Indonesia is still lacking for social entrepreneurship (Haryanti et al. 2016; Dwianto, 2018; Lontoh, 2020; Haryanti et al. 2020). The financing program for entrepreneurship development has not been differentiated for social and non-social enterprises because no regulations differentiate between the two (Haryanti et al. 2016).

There are various gaps in conditions in Indonesia and South Korea, especially the supporting ecosystem as a forum for the growth and development of social enterprises. Therefore, South Korea is used as a reference for designing a suitable business ecosystem for social entrepreneurs in Indonesia by conducting a comparative analysis using the BEEP (Babson Entrepreneurship Ecosystem Project) model through a systematic literature review of six elements. Figure 1 shows the BEEP framework.

Based on the research problems above, the objectives of this study are (1) Compiling a comparative study of the social entrepreneurship ecosystem in Indonesia and South Korea. (2) Provide advice on the appropriate social entrepreneurship ecosystem to be implemented in Indonesia.

METHODS

The type of research used is descriptive research, information related to the research topic will be reviewed and compiled based on a scientific writing framework derived from secondary studies. The literature search was obtained through the Proquest database and traced using a Boolean search.

This study uses the Systematic Literature Review (SLR) or systematic review. A Systematic Literature Review is a secondary study that is a research method that identifies, evaluates, and interprets relevant

research results to present more comprehensive and balanced facts (Siswanto, 2010). This literature review method will conduct a comparative study of systematic literature reviews related to the social enterprise ecosystem in two countries, namely Indonesia and South Korea.

Search scientific articles using Boolean operations “Social enterprise” AND “Social Entrepreneurship” AND “Social Business” AND “Entrepreneurship Ecosystem” AND “Social Entrepreneurship Ecosystem” AND “Indonesia” AND “South Korea.” The articles used were restricted through inclusion and exclusion criteria.

The specified inclusion criteria are

- Article is a full-text article;
- Articles published in the period 2012-2022;
- Articles use Indonesian or English;
- Articles related to Social enterprise, entrepreneurship ecosystem, social entrepreneurship ecosystem South Korea and Indonesia;

- Articles sourced from scientific journals, papers and conference proceedings, dissertations or theses, reports, and books.
 - Meanwhile, the exclusion criteria in the article selection process are
 - Articles using languages other than Indonesian and English;
 - Duplicate articles;
 - Published before 2012;
 - Does not show a complete and clear method;
 - Articles that are incomplete or only in the form of an abstract;
 - Articles sourced from scientific journals, papers and conference proceedings, dissertations or theses, reports, and books; as well as
 - Requires access permission from the author.
- Level 1 Screening*
- Is the article duplicated?
 - Is the article in Indonesian or English?
 - Are the articles sourced from scientific journals, papers and conference proceedings, dissertations or theses, reports, and books?

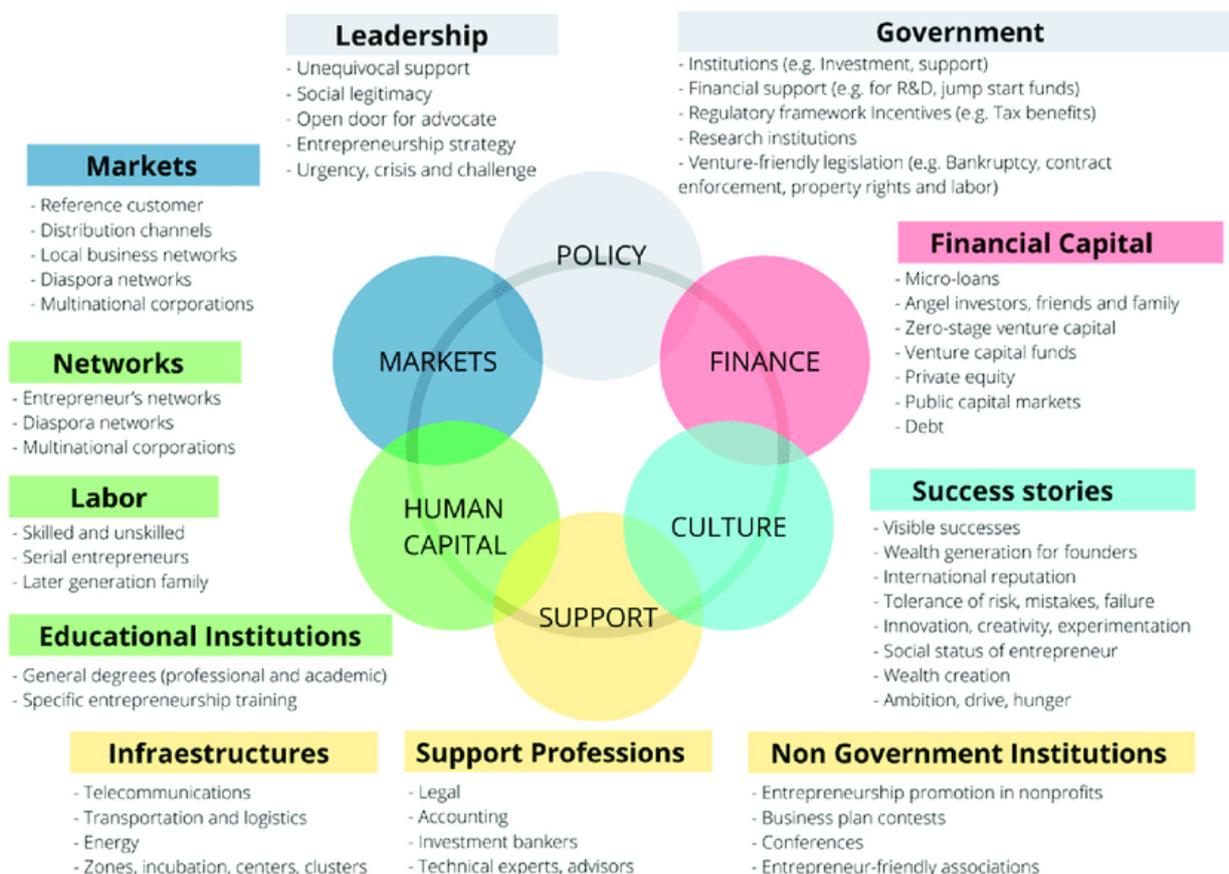


Figure 1. BEEP Framework (Isenberg, 2011)

Level 2 Screening

- Are the title and abstract appropriate to the research topic?

Level 3 Screening

- Is the whole article related to social enterprise and the entrepreneurial ecosystem in South Korea and Indonesia?
- Does the article pass proofreading?

RESULTS

Articles Description

A search using advanced research resulted in 42,539 articles for the keywords, screening level 1 resulted in the remaining 6,814 scientific articles, and excluded 35,725 articles that did not meet the criteria. Screening level 2 obtained 181 articles, and screening level 3 resulted in 28 articles that will be analyzed in this study. The articles were analyzed using the BEEP framework parameters, which consist of 6 domains with several parameters, namely policy, finance, culture, support, human resources, and market. Table 1 shows the recap of the articles.

Comparative Analysis of Indonesia and South Korea Social Enterprise

Policy

Since the economic crisis in 1997, which caused South Korea's unemployment rate to be very high after the 1997 crisis from 2.6% to 7% (Defourny and Kim, 2011), the government began to focus on making social enterprise one of the solutions overcome these problems (Jeong and Kim, 2019). A large part of the rapid growth of social enterprises in South Korea is the influence of the government (Lee, 2015; Jang, 2017; Defourny and Kim, 2011; Jeong and Kim, 2019; Choi et al. 2021). The government provides support through legal entity regulations and institutions that make South Korea the only country in East Asia that legally defines social enterprise. In 2001, the South Korean government established the "Social Enterprise Development Agency," which actively conceptualized local self-sufficiency centers and other traditional civil society organizations. South Korean government is also established the Social Enterprise Promotion Act

(SEPA) in 2006, which functions to integrate people's lives and improve the quality of life through the expansion of social services and job creation (Jeong, 2015) which was then revised and implemented in 2012 namely the policy regarding social enterprise certification so that the social enterprise receives financial and operational support from the state (Jeong, 2015). The Social Entrepreneurship Ecosystem in South Korea is different from that in other countries such as Europe because the government creates the ecosystem, and support is provided from the central government to regional governments (Choi et al. 2021). Other supports, namely social insurance, and administrative and financial support, also encourage the formation of a social service market by establishing a South Korean social enterprise promotion agency (KoSEA) (Bidet and Kim, 2015; Jang, 2017). According to the World Bank, South Korea, along with the USA and UK, are among countries with a mature policy framework for the social enterprise because it is a government agency that guarantees legal support and strong institutions and helps form an interconnected ecosystem. Several things were carried out, including (1) having a legal form such as the Enterprise Social Enterprise Promotion Act of South Korea, (2) having special supporting institutions such as KoseA, and (3) other policy tools that maintain the social enterprise ecosystem, such as fiscal incentives, grants, various funds. and bonds, awareness campaigns and promotions, incubation, and social and economic value creation, including market competition played by firms (Choi et al. 2021).

Based on history, Indonesia and South Korea have similarities in politics, namely experiencing a transition from dictatorship to democracy. In Indonesia, the economic domination by the Dutch during the colonial period encouraged the existence of welfare-oriented social organizations, cultural development, and a legal framework to reject financial control based on business competition which limited Indonesian people to entrepreneurship. The legal framework created shows the integration of business models and social missions by ratifying four types of business organizations in the 2015–2020 National Medium Term Development Plan (RPJMN), Limited Liability Companies, Cooperatives, Foundations, and Associations. There is no special legal identity for social enterprises in Indonesia, so the only legal social organizations are cooperatives (Sengupta et al. 2018). Government support for social enterprises in Indonesia has not been carried out specifically. Support is still general for entrepreneurship.

Table 1. The recap of the articles

Domains of BEEP	South Korea	Indonesia	Total articles
Policy	Defourny and Kim, 2011; Bidet and Eum, 2011; Jeong, 2015; Lee 2015; Jang, 2017; Shin, 2018; Shin, 2018; Chang and Jeong, 2021; Choi et al. 2021; Kowalski and Mackiewicz, 2021.	Kusumasari, 2015; Sengupta et al. 2018; Purbasari et al. 2020.	13
Finance	Shing, 2018; Doh, 2020; Yi and Chun, 2022.	Rostiani et al. 2015; Sengupta et al. 2018; Desiana et al. 2022.	6
Culture	Jeong, 2015; Bidet and Eum, 2011; Bertotti et al. 2014; Jang, 2017; Bidet et al. 2018; Bidet and Richez-Battesti, 2022.	Kusumasari, 2015; Sengupta et al. 2018	8
Support	Lee, 2015; Doh, 2020; Defourny and Kim, 2011; Choi et al. 2021; Yi dan Chun, 2022.	Pawitan et al. 2017; Fitch Solutions Group, 2022	7
Human Resources	Jeong and Kim, 2019; Song, 2020.	Rostiani et al. 2015; Umar et al. 2020; Katsushi, 2020	4
Market	Defourny and Kim, 2011; Kim and Kim, 2016; Joo and Shin, 2018.	Fitch Solutions Group, 2022	5

Finance

The South Korean government, in addition to providing support through policies, also provides funding support in the form of increasing investment by providing a budget of about 7.3 million US dollars in 2003 and 1.3 billion US dollars in 2011 (Doh, 2020). Social enterprises are supported by the government, such as the Ministry of Manpower, which provides financial support such as labor costs, operational costs, and other support consulting fees, namely related loan funds, premium prices, and Social Performance Incentives from the SPC (Social Progress Credit) program. Average incentive payments to companies vary annually, averaging around KRW 50 million per year, and the cumulative incentive payout between 2015 and 2019 is KRW 33.9 billion. This incentive support has a positive effect on increasing sales, net profit, and sustainability of social enterprises (Yi and Chun, 2022). In contrast to social enterprises in Indonesia, most social enterprise funding comes from own and family capital (51.3% of 100%), and most social enterprises do not receive grants or loans from other parties (Desiana, 2022). All social enterprise profits from the business are used to fund activities and focus on solving social problems. One of the challenges facing social enterprises in Indonesia is having to compete with other non-social companies in terms of funding, but social enterprises extensively use their networks, social networking sites, and publicity (such as word of mouth) to disseminate information about their organizations (Rostiani et al. 2014). In addition, social enterprises in Indonesia are also experiencing problems due to the lack of financial support from the government (Sengupta et al. 2018).

Culture

The social-economic development in South Korea in recent years has shifted from the dominance of state power to a mix of top-down and bottom-up. The Framework Act of Cooperatives (FAC) 2011 brought changes to increase civil society collaboration with the government and to a less static social enterprise model in South Korea. Civil society has made more frequent collaborative efforts between local governments and civil society organizations since 2012 (Jang, 2017) and initiated a social enterprise business model to create employment opportunities for the elderly, starting a business community that empowers local/surrounding communities (Bidet et al. 2018). The level of group collectivism is relatively high in South Korean society, reflecting the pride, loyalty, and cohesiveness of individuals in organizations and families (Jeong, 2015). Similar to South Korea, the development of social enterprises are supported by the enthusiasm of the Indonesian people to become social entrepreneurs, such as research conducted by Gunawan 2014 (Sengupta et al. 2018) that most Indonesian entrepreneurs are Social Entrepreneurs and Environmental Entrepreneurs. Social enterprises in Indonesia are mostly purely for solving social problems. They have different motives ranging from personal values (the founder's belief that solving social issues is everyone's responsibility) to social norms and religion (the idea that a well-managed social fund will impact society effectively and efficiently). The community does not receive a salary and instead tends to give the resources they have in the form of money, energy, or skills to the organization.

Support

The development of social enterprises in South Korea is supported by various entities such as the third sector, which began to organize forums, seminars, and educational/training workshops in 1999, creating a network that can connect many social enterprises throughout the country, such as the Seoul Coalition of Social Enterprises, holding lectures to promote business. A social enterprise encourages social entrepreneurs through the Academy of Social Entrepreneurship a collaboration between universities and private companies. The role of third-sector organizations is becoming more evident at the local level (Lee, 2015). The concept of social enterprise was introduced through articles compiled by a consulting research group for the presidential cabinet and held an international forum to discuss social enterprise development in 2000 (Defourny and Kim, 2011). Civil society also provided support, which showed positive interest in the potential of the social enterprise sector. Voluntary efforts by civil society to promote social enterprises and cooperatives were also driven by very high unemployment due to the financial crisis (Choi et al. 2021). Support was also obtained from organizations such as the Korea Business Council of Social Enterprise, Work Together Foundation, Korea Foundation for Social Investment, and Social Solidarity Bank, which were provided nationally (Doh, 2020).

The development of social entrepreneurship in Indonesia has also received support from various organizations such as the Indonesian Social Entrepreneurship Organization (AKSI) in 2009, the presence of the ASHOKA Foundation, the efforts of the British Council Indonesia (BCI) in fostering community-based social entrepreneurship by providing access to start-up/establishment funds and network in collaboration with the Arthur Guinness Foundation. Other supports that also encourage the development of entrepreneurship in Indonesia are community attitudes regarding entrepreneurship, such as social values, high personal attributes, and a high total level of entrepreneurial activity in the early stages (Pawitan et al. 2017).

Human Capital

The South Korean government plays an important role in developing the education and skills training system. Regarding the skills training system, South Korea has always been ranked first in the World Skills

International competition since 1977, except for three times. South Korea has always prioritized the education and skills training system as a driving force for the country's growth and development of economic competitiveness in the international market (Song, 2020). There was significant growth in the Non-Profit sector in South Korea at the end of the 1990s, which prompted the need for the management of the Non-For-Profit Organization (NPO)/Non-Governmental Organization (NGO) sector. Therefore, several educational institutions offer study programs related to the management of the NPO/NGO sector. Two graduate schools offer NPO/NGO study programs, Sung Kong Hoe University and Hanil University. The main objective of this postgraduate program is to educate citizens and civil society activists, researchers of civil society organizations, facilitate mutual communication between governments, companies, and the third sector, promote the global action capacity of NPOs/NGOs, increasing the theoretical and practical professionalism of associations and organizations (Jeong and Kim, 2019).

In contrast to South Korea, training for entrepreneurship such as marketing, branding, sales, and financial management is carried out by social enterprises to other parties such as a group of MSMEs to improve people's welfare (Umar et al. 2020). The workforce is recruited based on aligned values, but talent and ability are not important criteria. The lack of managerial quality due to low education is a problem faced when building a social enterprise in Indonesia, in addition to a lack of capital (Nishimura, 2020). There is no formal or non-formal education specifically for developing human resources in social enterprises in Indonesia.

Market

There are two important aspects of the market, namely customers and networks. Networks in South Korea are established between non-social companies and social enterprises (Defourny and Kim, 2011; Kim and Kim, 2016). For example, the HGR (Happy Green Reproduction) social enterprise founded by SKB (SK Broadband), the parent company of SKB, provides human resources and advanced technology to design and implement social programs. HGR provides job opportunities for the marginalized and recycles IT products from the NKB company into environmentally friendly products (Kim and Kim, 2016). Many public policies tend to push social enterprises closer to the

regular market, and various initiatives are also launched in partnership with private companies so that they are supported to gain market power (Defourny and Kim, 2011). The participation of customers in the business ecosystem is also carried out by companies in South Korea so that customers are not only used as passive objects but also actively participate in the market, and companies seek to link customer participation with the creation of social and economic value (Joo and Shin, 2018).

Market access to global customers through imports and exports Indonesia is still relatively underperforming in the East and Southeast Asia region in terms of ease of cross-border trade (Jeong and Kim, 2019). This is because the costs of cross-border trade and low connectivity are time-consuming and high-cost. Indonesia received a moderate score of 72.8 out of 100 for Cost and Connectivity. It was ranked 9th regionally and 45th globally. Networking is an important part of social enterprise in Indonesia (Rostiani et al. 2014). Social entrepreneurs in Indonesia carry out various creative and innovative activities to generate funds to achieve their mission. These two characteristics are in line with the characteristics of conventional entrepreneurs. Social enterprises try to be unique and different to attract more stakeholders to support the organization and expand its impact on society.

The interplay of factors and players of the social business ecosystem in Indonesia will thrive if the government can properly nurture existing social culture, promote proper policies, roll out appropriate and accessible levels of the playing field, and develop a consistent and impartial legal framework.

Business Ecosystem for Indonesian Social Enterprise

The recommendations given consider several factors that are significant differences between Indonesia and South Korea to encourage the advancement of social entrepreneurship, especially in the areas of government policy, finance, and human resources. Based on the comparison between Indonesia and South Korea, it shows a significant difference in the policy domain. Social enterprise in South Korea has special and clear rules that are also shaded by a ministry so that the social enterprise framework is also clear, but in Indonesia only cooperatives have clear legal and regulatory forms but there is no specific policy for social enterprise. In addition to the financial domain,

the South Korean government also provides support in the form of increasing investment, reducing taxes, providing financing as well as providing incentives for social enterprises that meet the requirements for social and economic performance, while in Indonesia there is still a lack of financial support for social enterprises. the majority use personal funds. The high gap can also be seen from the Human Resources domain, South Korea already has several trainings for the management of formal and non-formal social activities, while in Indonesia it is the social enterprise that provides education to other parties and there is no formal education related to management. social sector. The interaction of factors and actors in the social enterprise ecosystem in Indonesia will develop if the government can properly maintain the existing social culture, promote appropriate policies, develop a consistent and impartial legal framework, formulate a framework or policy model for social enterprise. such as legal forms, laws, incentives, special tax rates, skills training support programs, finance, and a ministry that oversees social enterprises such as South Korea's. Support for funding can be done by creating a forum/ platform that connects capital owners with social enterprises or dissemination of information related to funding programs can be done through the official state media. Regarding human resources, the efforts that have been made should continue to be developed, but there needs to be formal and non-formal coaching and training specifically for social enterprises if you see the increasing development in Indonesia.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This study shows that there are some significant differences between the business ecosystems of Indonesia and South Korea to encourage the advancement of social entrepreneurship especially in the areas of government policy, finance, and human resources that Indonesia needs to pay attention to in developing and fostering its social enterprise ecosystem. This study also shows that various parties support the social enterprise ecosystem in South Korea, one of which is government support, both in the legal framework and other policies, so that social enterprises in South Korea can grow well, while in Indonesia, support for social enterprises has not been carried out specifically. The factors and actors of the social business

ecosystem in Indonesia will develop if the government can properly maintain the existing social culture, interact to promote appropriate policies, lay out an appropriate and accessible playing field, and establish a legal framework that is consistent and inconsistent. Third, related to human resources, the efforts that have been made should be developed. There needs to be formal and non-formal training specifically for social enterprises if you see the increasing development in Indonesia. Suggestions for further research are to increase the literature database so that the literature obtained is more complete or to use other frameworks to explain the social enterprise ecosystem to be more comprehensive.

Recommendations

Based on the comparative analysis between Indonesia and South Korea's social enterprise ecosystems, it is recommended that the Indonesian government initiates an institutional reformation aimed at fostering social enterprises. This includes developing clear regulations and laws specifically for social enterprises. A Social Enterprise Promotion Act that would formally establish and recognize social companies and provide a defined operating structure might be developed, taking inspiration from the South Korean model. The social entrepreneurship sector would receive the much-needed boost from such intentional government intervention, creating the ideal environment for its expansion and sustainability. Additionally, government-led financial measures including the supply of seed money, tax breaks, and risk guarantee methods might considerably improve these businesses' financial resilience and promote increased engagement in this industry.

Secondly, there is a pressing need to address the human capital gap in Indonesia's social enterprise ecosystem. This can be done by introducing formal and non-formal training programs specifically designed for social enterprises. Collaborations with universities, private companies, and existing successful social enterprises could be facilitated to enrich these programs. At the same time, efforts should be made to foster an enabling environment that encourages social entrepreneurship. This can include creating forums or platforms to connect investors with social enterprises, disseminating information related to funding programs through official state media, and promoting a culture of social entrepreneurship among the population. By implementing these recommendations, Indonesia can

make significant strides towards developing a thriving ecosystem for social enterprises.

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