

## Political-Economy of Social Entrepreneurship in Indonesia: A Polanyian Approach

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### Abstract

This paper attempts to develop a critical analysis on the concept of social entrepreneurship (SE) in Indonesia in comparison to that in the Global North. Departing from Karl Polanyi's theorization of market society, this paper asserts that the concept of SE embodies a 'double movement'. It embodies a tension between the 'dis-embedding movement' (attempts to organize society according to market rationality) and the 're-embedding movement' (attempts to ensure that the market works to serve society's interests), that is, between a formal and a substantive approach to the economy. The rise of SE, therefore, is always situated within a particular politico-economic context. Using Indonesia's experience as a case study, this paper argues that the emergence of SE is strongly influenced by Widodo's economic nationalism ideology. In this regard, SE is largely a part of Widodo's strategy for bolstering economic growth, particularly by stimulating the rise of local entrepreneurs. Within such a framework, the nature of SE as a tool for addressing social problems is insufficiently recognized. SE in Indonesia therefore embodies tensions between the dis-embedding and re-embedding movements. The dis-embedding movement, however, prevails in Indonesia.

### Keywords:

social entrepreneurship; double movement; economic nationalism;  
formal & substantive economy

### Introduction

'Social entrepreneurship' (SE) has increasingly become a buzzword in the contemporary discourse of development. At the global level, the growing importance of SE is well-captured in the establishment of numerous initiatives at local, national, regional, and global levels to promote SE; the formulation of social policy intended to enhance and scale-up SE (Agapitova and Linn, 2016; World Economic Forum, 2016b, 2017); the invention of monitoring and evaluation tools to measure the global development of SE (Global Entrepreneurship Monitor, 2009; 2015); and the significant growth of academic articles and reports studying SE. In the words of the

British Council, we are currently witnessing a moment when '[...] the concepts and ideals of social enterprise will be spreading rapidly into all corners of society, becoming mainstream' (Richardson & Catherall, 2014, p. 7).

Despite the different methods in conceptualizing SE, agents involved in the promotion of SE usually argue that SE is able to strike a balance between imperatives to address social problems—ranging from poverty, malnutrition, to environmental degradation—and commitment toward a market economy. Facing a dilemma between maintaining economic growth (motivated more by profit-seeking interests instead of social purposes, but is believed to be the most

effective mechanism to distribute resources) and ensuring social improvement (which is not necessarily implied by market activities—even, in some occasions, threatened by them—but requires resources more than state and non-governmental organizations could provide), academics and development practitioners resort to SE as a solution to deliver public goods. The United Nations General Assembly expresses that

‘social enterprises and cooperatives pursue economic viability and social goals and have the potential to address sustainable development objectives by reducing inequality, enhancing social cohesion, and tackling environmental challenges while remaining financially sustainable’ (2014, p. 5)

Thanks to its attractiveness, the concept of SE gradually diffused from countries in the Global North—particularly Western Europe, United Kingdom, and the United States—to the Southern hemisphere. A series of surveys conducted by the Global Entrepreneurship Monitor (GEM) in 2009 and 2015 demonstrates that SE initiatives were blooming in the Global South, although its conversion rate—the ratio between SE at start-up phase and post-start-up operational phase—remained low compared to Western Europe, Australia, and the US. British Council country-focus reports affirm this finding by showing that SE initiatives emerged—albeit at different pace—in Global South countries such as Kenya, Ethiopia, Pakistan, Bangladesh, India, the Philippines, Morocco, and Burma.

The growing acceptance of the concept of SE in the Global South prompts further questions, especially on whether SE is conceptualized and applied in a different manner compared to Global North. More often than not, mainstream literature on SE assumes that the concept of SE is not sensitive to spatio-temporal variations. With limited exceptions,

existing literature rarely explores geographical variations of SE conceptualization, making the relationship between context and the concept of SE—particularly on how actors adjust the concept according to specific circumstances they confront—underexplored.

This article attempts to fill this gap by identifying variations in the way SE is conceptualized in Global South. This article argues that these variations can be identified by—borrowing Polanyi’s conceptual apparatus—scrutinizing the expression of ‘double movement’ within the concept of SE. SE internalizes the tension between ‘movement’ and ‘counter-movement’, between the impulses for ‘substantivism’ and ‘formalism’. In other words, the concept of SE assumes the tension between imperatives for social values and profits. However, the precise balance between these opposing tendencies is contingent upon the configuration of political forces in given political circumstances. Using Indonesia as one of the countries in Southeast Asia as examples, this article shows that variation of the concept of SE in Global South can be mapped by assessing its inclination to either substantivism or formalism.

In elucidating this argument, this paper interprets numerous formal documents, reports, policy briefs, and articles released by Indonesia’s government and various international organizations interested in promoting SE in the Global North and Indonesia. This paper attempts to understand how these reports, briefs, and articles conceptualize SE in different geographical backgrounds, thereby identifying tensions working within those concepts, and locating those tensions within the broader political-economic landscape of contemporary market society.

### **Social Entrepreneurship and Polanyi: A Review**

This paper attempts to understand geographical variations on how SE is



conceptualized and practiced by analysing the 'double movement' in the Global North and the Global South, particularly in Indonesia. The term 'double movement' requires an understanding of Polanyi's two primary concepts: substantive economy and embeddedness.

Polanyi argues that the term 'economy' has two separate meanings, formal and substantive. The former assumes that economies operate in the logic of means-ends relationships, within which motivations to maximize profit regardless of the actual needs of the community are the primary reason of economic activities. The formalist account of economy therefore separates market from other social structures, assuming that market operates through its own, self-regulating, principles. The perspective goes further by suggesting market economy as the only form of human economy, thereby implying that market's self-regulating principles are capable of organizing society. The economy, therefore, is disembedded from the society (Polanyi, 1944, p.xxiv). The substantivist approach, in contrast, departs from the assumption that human beings are dependent on nature and their fellows for their livelihood, thus attributing social institutions a crucial role in society's economic activities (Polanyi, 1977, p. 20). With this in mind, economy means the procurement of material means through which society's wants and needs are achieved. The substantivist account of economy hence approaches economy as being embedded in social relations.

The concept of double movement captures the tensions between the formalist and substantivist account of economy. It portrays the relentless contestation between attempts to 'dis-embedding' market from society and 're-embedding' market to society. The nature of such contestations is depicted in Polanyi's analysis on the dynamics of modern 19<sup>th</sup> century civilization. Polanyi argues that two competing principles of organising society were at play at the moment:

'...the one was the principle of economic liberalism, aiming at the establishment of a self-regulating market, relying on the support of the trading classes, and using largely laissez-faire and free trade as its methods; the other was the principle of social protection aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market' (1944, p. 138)

Referring these principles and their constant tensions as double movement, Polanyi demonstrates that the expansion of market is always in conflict with social protection (Drahokoupil 2004). The expansion of international trade at an accelerated trade would be counteracted with protection movement which aimed to supervise the action of the market (Polanyi, 1944, p. 223). This implies that the principles of liberal economy could not completely establish its hegemony, for society who is unable to withstand the detrimental consequences of market expansion would organise actions to control the market (Dale, 2008). The double movement, in other words, encapsulate the tensions that arise between the expansion of market rationality into society and the society's efforts to mitigate the harmful effects of market's domination.

In this sense, the double movement highlights tensions between attempts to dis-embedding the market from society (disembedded economy) and to re-embedding the market to society (embedded economy). The presence of disembedding movement is indicated by two practices: (1) the market becomes a self-regulating system, separated from the society and uprooted from social structures (2) the social is embedded in market's logics, enabling social activities to be subordinated by market rationality. In

contrast, re-embedding movement occurs when the mechanisms of market are bounded within particular social structures, allowing the market to be regulated according to society's needs.

Following Polanyi (1944) and Granovetter (1985), various literature underlines embeddedness as a key feature of SE. A work by Kistruck and Beamish (2010), for instance, highlights different and multifaceted components of embeddedness in Africa and Latin America. They conceptualize SE as a set of institutional practices combining the pursuit of financial objectives with of social values. As a consequence of its embeddedness, cultural norms as well as social institutions simultaneously empower and constraint the actions of SE (Brown and Dacin, 1997).

Laville and Nyssens (2001) argues that SE is embedded in three basic economic principles introduced by Polanyi, namely market economy, non-market economy, and non-monetary economy. The existence of SE depends on its ability to incorporate these principles in its practices. Similarly, Seelos et. al. (2010) and Shaw and Charter (2007) maintain that SE's commercial principles clash with its social and political embeddedness in local communities. Smith and Stevens (2009) take this further by analysing types of structural embeddedness inherent in SE, affirming that the more local SE is practiced, the stronger its structural embeddedness will be. Laville, Lemaitre, Nyssens (2006) also use the concept of embeddedness to show that SE must be conceived in its relationships with other groups, other sectors of activity, and sociopolitical objectives. Meanwhile, McKeever, Anderson, and Jack (2014) argue that SE is embedded, submerged, and absorbed in the ongoing networks of personal relationships. They further add that economic goals are typically accompanied by non-economic objectives which, in turn, are determined by the social and political contexts.

Dufays and Huybrechts (2014) emphasise how social networks are being used to explain the emergence of SE by acknowledging two important concepts: social capital and embeddedness. Trivedi and Stokols (2011) further argue that SE promotes collaboration with various actors for diffusing created-social value and, at the same time, contributes to the creation of social networks. Meanwhile, Nyssens (2006) underlines the mixture of goals and substantive approaches inherent in SE emerging throughout Europe. SE captures substantive approaches to economy by combining three of Polanyi's economic integration principles: market, redistribution, and reciprocity. SE, then, is a hybrid form of these three economic exchanges. It is embedded in civil society through the development of voluntary collective action around common goals that benefit the public.

Meanwhile, by analysing SE in Europe, North America, and US, Johannisova (2013) conceives market as part of the broader economy which, in turn, is situated in the broader structure of society. SE is then defined as an effort to de-emphasis profit maximisation, attempting to satisfy the real needs of society rather than working for profit. The work of Laville and Nyssens (2001) also proposes that SE reflects the attribute of economy in which all actions are derived from people's dependence on humans and nature. This contrasts with the formal approach which understands economic issues in terms of rational choices of maximisation of profit. Defourny and Nyssens (2012), conducting analysis on third sector organisations in European countries, further explains that the economy must be seen as 'plural' and characterised by various forms of exchange. Evans (2007), drawing from the work of Polanyi by witnessing evidence from across Western Europe, also highlights SE as embracing a substantive approach to the economy by conducting the principle of reciprocity.

For Sepulveda (2015), SE – particularly in US, UK, and European contexts – emerges and is characterized by both the hegemony of neo-liberal economic ideology and the rise of counter-hegemonic tendencies to confront the value of the self-regulating market. Roy and Hackett (2016), departing from substantivism and using the SE conceptualization of Emergence des Entreprises Sociale en Europe (EMES), classify SE as a Polanyian-like resistance to the economic status quo. SE challenges the neoclassical borders between third sector and the market by combining social and business objectives, making trading in the market the means to address social vulnerability rather than accumulate wealth for shareholders. Further, Ridley-Duff and Bull classify two poles within SE: those who promote free market principles and utilize them for SE and those who continuously attempt to subvert market logic. These poles reflect a deep ideological clash between those who see SE as a temporary solution to market failure and those who see SE as permanent solution able to challenge the status quo (Hackett 2012).

However, most of the literature on Polanyian SE emphasises conceptualisation from the perspectives of Europe, US, and UK. Both majority and leading works analyse the dynamics and circumstances around the emergence of SE within specific social and political contexts in the Global North. In Global North, the tension between the two forces, a movement to dis-embedding the market from society and to re-embedding the market into society, is at play. However, it appears that the literature tends to argue that SE equally represents the power of the dis-embedding and re-embedding movements. This is because the rise of dis-embedding movement has been met with a strong resistance from the re-embedding movement, thereby balancing the power of dis-embedding movement.

This raises questions about how SE is conceptualized in different geographical

sites, specifically in Indonesia, where SE as a discourse and practice has significantly grown in the last three years. The dynamics of SE in the Global North differs fundamentally compared to the conditions in Indonesia. By using Polanyi's account of the double movement, this paper argues that such variations could be identified by examining whether the concept and practice of SE are inclined to substantive or formal account of economy. In turn, this is highly dependent of the configuration of power among actors who conceptualize and practice SE.

### **Social Entrepreneurship in Indonesia**

#### **1. Widodo and Economic Nationalist Discourse**

This section aims to identify the political-economic context within which SE operates in Indonesia. The section argues that the rise of SE is situated within the (re-)emergence of economic nationalism in Indonesia under Joko Widodo's administration. Within this framework, the main task of the state is to affirm Indonesia's independence by fostering growth and reducing Indonesia's reliance to foreign goods and capital. Indonesia's desire to stimulate the rise of local entrepreneurs could be understood as a part of these efforts.

Economic nationalism is a powerful discourse that has significantly influenced Indonesia's economic policies since its independence. Broadly understood, economic nationalism is indicated by the presence of 'national aspiration to acquiring and controlling property owned by foreigners and performing economic functions performed by foreigners' (Johnson, 1972, p. 26, as cited in Wie, 2010, p. 56). Within Indonesia's context, this nationalism is usually expressed in strong, anti-imperialist rhetoric with a suspicion of foreign powers. It replicates the prevailing rhetoric during the struggle for independence when Dutch colonialism was largely portrayed as the main enemy of the nation (Aspinall, 2016).

Despite the crucial role of economic nationalism in the present, Wie (2010) argues that it has assumed different expressions over different periods of Indonesian history. For instance, in 1950s, economic nationalism addressed the domination of Dutch and ethnic Chinese business influence in the country. The Benteng program in 1950 was exemplary in this regard. It limited import licenses for restricted categories of goods for Indonesian importers (Njoto-Feillard and Azali, 2016). Additionally, in 1959, the Indonesian government issued Decree Number 10, which prohibited foreigner's involvement in rural trade and compelled them to allow Indonesian nationals to take over their businesses (Wie, 2010). In another occasion, Indonesia adopted a nationalist policy on mineral and coal mining under Susilo Bambang Yudhoyono's presidency. The law restricted the export of unprocessed minerals and compelled foreign companies to divest and build smelters in Indonesia (Aspinall, 2016; Warburton, 2014). Although this expression of economic nationalism was weakened following the imposition of the IMF's SAP, Yudhoyono restored nationalism immediately after Indonesia paid its debts to the IMF.

Although the re-emergence of economic nationalism was visible prior to 2014, the 2014 presidential election marked a new stage in the history of economic nationalism in Indonesia (Aspinall, 2016; Negara, 2015). Following Aspinall (2016, p. 72), the election was largely characterized by the growth of 'a mood of assertive nationalism' that claimed 'foreign countries habitually insult, exploit, and mistreat Indonesia, and do not accord it the respect it deserves as a great nation'. This nationalism was expressed in the growing assertion that Indonesia's territory was threatened by foreign intervention and separatism; that Indonesia's resources were drained; and that Indonesia's culture was claimed by foreigners. For example, during the campaign, Prabowo Subianto believed that foreign actors were exploiting

Indonesia's resources, making it a 'nation of slaves' (*bangsa kacung*) (Aspinall, 2016, p. 73). Prabowo further urged the nation to restore its dignity, particularly by limiting foreign actors' roles in national economy.

Widodo echoed a relatively similar position. Following his election, Widodo executed foreign drug smugglers and drowned foreign fishing boats to demonstrate his alignment to the nationalist mood in Indonesia. In the economic realm, Widodo aimed to reduce imports and protect local business from foreign competition by introducing tariffs and other measures (Negara, 2015). As noted by Aspinall (2016, p. 75), Widodo also 'urged young entrepreneurs to more actively compete in the domestic market and so prevent "foreign business people" from "occupying" [...] the Indonesian market'. Crucial in these policies are Widodo's emphasis on the importance of maintaining Indonesia's economic sovereignty. Widodo's emphasis on the roles of young entrepreneurs to combat 'foreign business people', for instance, revealed the animating logic of Widodo's policies. For him, the main value of the rise of young entrepreneurs was to prevent foreign interventions in Indonesia's market. The initiative was therefore instrumental for Indonesia in reaffirming its sovereignty.

Warburton (2016) further offers insights on Widodo's tactics involving Indonesia's economic nationalism. Widodo's economic nationalism is expressed in the his 'growth-focused developmentalist agenda': infrastructure development, deregulation, and de-bureaucratization (2016, p. 307). In Warburton's assessment, Widodo's deregulation and de-bureaucratization strategies are oriented to increase Indonesia's attractiveness for infrastructure-related investments and to reduce bureaucratic obstacles in the process of infrastructure development. These policies are therefore liberal and market-oriented, although Widodo promotes them as pro-

poor policies (2016, p. 309). Warburton's remarks reveal Widodo's style of economic nationalism, which aims to foster the growth of Indonesia's economy through a combination of protectionism and liberal and market-oriented policies.

## 2. Crafting Entrepreneurship

This section argues that the emergence of SE could not be separated from Widodo's economic nationalism ideology through attempts to produce entrepreneurship in Indonesia. SE is considered a variant of entrepreneurship with social ends as specific goals. Widodo's efforts to broaden the number of Indonesia's entrepreneurs was apparent in the first year of his year of command. In a document outlining his vision, mission, and programme, Widodo emphasised ten main priorities of national development, with advancing youth potential in entrepreneurship as a central goal (2014, p. 48). This effort is congruent with his attempt at recovering Indonesia's sovereignty politically, culturally, and economically (2014, p. 3, 32). Accordingly, Widodo promotes the importance of both creating and being entrepreneurs in speeches, meetings, general lectures, and materials. He aims particularly to stimulate communities' motivation in doing entrepreneurship to boost and accelerate national economic growth in the midst of high competition in global environment.

The weakening of global economy in 2015, which affected domestic conditions and led to national economic lethargy (Kementerian Keuangan, 2015), describes the underlying context. Data from Statistics Indonesia showed that the rate of economic growth based on the calculation of gross domestic product along first to third quarter stayed around 4%. As any external, global factors to foster national economic growth were uncontrollable and remained in uncertainties, internal refinement was inevitable. In this sense, deregulation

and debureaucratization are perceived as two main solutions. Remarkable amounts of incentives are given to entrepreneurs, complex bureaucratic systems related to licensing are being cut, and massive infrastructure projects are being accelerated.

The discourse on deregulation and debureaucratization continues to be widely accepted in social forums and is highly-discussed in numerous academic institutions as strategic site to initiate entrepreneurship. To convince audiences, Widodo delivered data relating to the great opportunities for employment in Indonesia due to the low percentage of growth of entrepreneurs stated by World Bank. While other countries attained above 7% of growth, Indonesia possessed only 3.3%. This number was preceded by Singapore (7%), Malaysia (5%) and Thailand (4.5%) – the three countries where entrepreneurship flourished the most in the Southeast Asian region in 2017. More data issued by the Global Entrepreneurship Index (2017) also revealed that Indonesia ranked 90 out of 137 countries in terms of the growth of entrepreneurs.

These existing conditions pushed Indonesia to arrange strategies to create more entrepreneurs and digital start-ups. Widodo continues to urge Indonesia to be The Digital Energy of Asia in 2020 by stimulating the growth of entrepreneurs, specifically in digital industries. The Ministry of Research, Technology, and Higher Education actively promoted similar aims by providing funding for technology-based enterprises (*Perusahaan Pemula Berbasis Teknologi*), including 661 enterprises in 2017 and 800 enterprises in 2018.

Most importantly, the initiatives taken by Widodo's administration shed light on this tendency. Three significant institutional measurements are at the core: proposed legislation, Economic Policy Packages, and presidential regulation. These highlight the attempts to foster economic growth by enhancing massive deregulation and

debureaucratization, deploying economic incentives, as well as stimulating the growth of entrepreneurship and micro-, small-, and medium-scale business.

### Draft Bill on National Entrepreneurship

Since 2016, Widodo's administration and the House of Representative have conducted several plenary sessions to discuss the substance of proposed legislation on national entrepreneurship. This bill was perceived as essential because it corresponds to the governments' strategy and program to advance the number of startup entrepreneurs, small- and medium-scale entrepreneurs, as well as social entrepreneurs, specifically among youth. The legalisation of the bill was expected to foster the competitiveness of national entrepreneurship and promote national growth. At its core, the proposed legislation insists on defining entrepreneurship as an community-initiated economic movements with significant ability to create employment opportunities. It asserts that entrepreneurship is crucial to develop due to its character as a robust pillar of Indonesias' economy. For this measure to succeed, it requires institutionalization by state political and legal apparatuses to protect it and preserve its sustainability.

The document includes 12 chapters with 55 articles concerning general provisions, principles and goals, a master plan for national and social entrepreneurship, the duties and authority of the government, entrepreneurship resource development, facilities development, entrepreneurship empowerment, incentives, information systems, and sanctions. In the beginning of the document, the definition of national entrepreneurship covers the attitude, behavior, and ability of Indonesia's citizens to create added-value to products and to apply their creativity and innovation to obtain bigger profit. SE was discussed as a type of entrepreneurship with the vision and mission to solve social problems or

contribute to positive changes towards social and environmental welfare through planning, training, developing, and empowering with a measurable impact, so that most of the profit could be re-invested to support such mission. SE manifests in foundations, associations, and cooperation. SE was also expected to involve the participation of society and communities as the main sites of its activities.

Analysing the series of chapters and articles in the proposed legislation is important for this investigation of SE. In general, its substance properly reflects the steps to obtain the aforementioned goals. The *first* is to create a national entrepreneurship task force to formulate regulation through the master plan and to provide solutions for obstacles and strategic problems regarding national entrepreneurship. *Second*, in regards to entrepreneurship resource development, the government should stimulate innovation, which is implemented through the creation of a national innovation system. The system will aim to encourage numerous forms of innovation based on science to develop entrepreneurship and SE. The *third* step involves forming a national entrepreneurship movement to advance an entrepreneurial mentality and foster entrepreneurship and SE. This would be accomplished through education, training, development, cultivation, and maximization of the role of the family. In Article 22, the end goals of this movement are to develop leading entrepreneurs and social entrepreneurs as means to advance local products and local potential with high global competitiveness.

*Fourth*, entrepreneurship education needs to be enhanced based on values and characters through which the expertise and personality of an entrepreneur could be shaped. The values and characters would be the primary substance of the curriculum. The *fifth* step is to make entrepreneurship incubators to create and develop new businesses with economic values and high competitiveness.



This could be done by optimizing educated human resources in fostering economic growth and in utilizing science and technology, targetting new entrepreneurship and SE as well as beginner entrepreneurship to be highly competitive. *Sixth*, entrepreneurship must be facilitated by protecting intellectual property rights, which functions as an effective means to create added value for entrepreneurial activities, and by creating entrepreneurship infrastructure, including that of information, mediums, funding, permits, and partnership. The *seventh* step is to enhance entrepreneurship empowerment by creating a zoning system based on local potential and providing business storefronts and technical assistance.

Entrepreneurship and SE are repeatedly mentioned in equal manner, and the proposed legislation seemingly aims to increase entrepreneurship and SE through numerous strategies. However, it is important to note that the strategies have primary aims to create highly-competitive entrepreneurship and SE that would contribute to national economic growth. Being a globally competitive entrepreneurs is the main intention. Moreover, although the end goals of entrepreneurship and SE differ significantly, the proposed legislation does not provide different and specific strategies to actualize the social ends of SE. There are no adequate explanations on how the tension between profit-seeking logic of entrepreneurship and non-profit-seeking principle of SE are negotiated and compromised. The fact that SE is regulated under the bill on entrepreneurship shows that SE is institutionally have to work under growth-oriented mechanism and is only perceived as variant of entrepreneurship practice. The document specifically lacks the distinct means, motives, values and characteristics that entrepreneurship and SE could have to improve social challenges, thus it provides provisions which merely implement entrepreneurship. This narrow focus means

that the programs SE implements may be less effective is addressing the broader goals of SE since they are confined within the logic of entrepreneurship.

### Economy Policy Packages

Between 2015 and 2017, Widodo released a considerable number of Economic Policy Packages (*Paket Kebijakan Economy*) in sixteen phases as a way to promote deregulation and debureaucratization. The purposes of the packages included strengthening liquidity, fostering the development of the real sector economy through structural reformation, as well as enforcing legal and business certainty. The Vice President of Indonesia, Jusuf Kalla, stated that these packages were expected to encourage a high number of investments in Indonesia. In addition, he clarified that the effectiveness of the packages was characterized not by the number of regulations issued by the government, but by the number of foreign investments entering Indonesia. The Coordinating Ministry for Economic Affairs also stated that the packages were targetted to attract more investments in Indonesia. In 2017, concern about slow national economic growth, which reached only 5.01% despite the goal of 5.4%, stimulated the use of packages as instruments to achieve the annual target.

The first was issued in September 2015 and the last was in August 2017. They attempted to foster economic sectors in three ways: *First*, realize numerous steps in encouraging deregulation and debureaucratization. Each package developed new ways to eliminate obstacles that might hinder business and economic activities that could contribute to national economic growth. *Second*, the packages disseminated governments' concern to create a conducive environment for foreign and national investment. This includes efforts to support business by requiring lower costs and providing incentives. *Third*, they also supported the making of entrepreneurs

through increasing export competitiveness, by protecting the interests of micro-, small-, and medium-scale businesses and entrepreneurs, and promoting creativity and innovation as basic principle of entrepreneurship. All of these efforts are expected to be a catalyst for economic growth.

### **Presidential Regulation No. 91 of 2017**

In September 22, 2017 Widodo issued the *Presidential Regulation of the Republic of Indonesia on the Acceleration of Investment Implementation No. 91 of 2017*. Through this regulation, Widodo aims to ease business licenses for entrepreneurs, including for micro-, small-, and medium-scale business after receiving approval for capital investment. The regulation was also aimed to create a convenient process for investing in Indonesia, and thus will bring positive impacts for increasing investment interest and national economic growth. With stronger competitiveness, economic growth is predicted to mount and become sustainable and inclusive. Widodo was also strives for an integrated and electronic business license (online single submission) to be implemented on March 1, 2018. This regulation might complete steps to reform business licenses which had previously been adopted in Economy Policy Packages in 2015-2017.

The document stated that the growth in number, deployment, scale, and efficiency for business activities was the main determinant for economic growth, job creation, poverty reduction, and inequality between regions. To pursue such goals, various strategies are prominent in forms of services, monitoring, and active roles to solve obstacles for business activities through the formation of Task Force in national, ministerial, provincial and district level. This will build awareness within government agencies to ease restrictions on business activities that will benefit their region and reform regulations for business licenses.

Edy Putra Irawady, from the Coordinating Ministry for Economic Affairs, also stated that

the implementation of the regulation increased numbers of investments to 22% in less than six months. Other positive impacts include the increasing number of requests for business licenses from The Investment Coordinating Board of the Republic of Indonesia (BKPM) for national and foreign businesses, with 238 applicants in the trading sector and 147 applicants for industrial sector. These numbers represent progress compared to numbers before the regulation was issued, where prospective investments were cancelled due to the intricate procedures required for business (kompas.com, 2017).

### **Double Movement in Indonesia's Social Entrepreneurship: A Move from a Substantive Economy**

There are three important points to be drawn. *First*, SE is occurring on a large scale with the (re-)emergence of economic nationalism of the Widodo Administration as its underlying context. This ideology requires a state to affirm its independence by decreasing its reliance on foreign capital and fostering national economic growth. Hence, attempts to stimulate the growth of entrepreneurs in general, and social entrepreneurs in particular, should be understood in this political-economic context and as part of efforts to realise this ideology. *Second*, similar to the first point, efforts to stimulate the growth of SE in Indonesia are perceived and treated similarly as efforts to stimulate entrepreneurship. Government does not provide specific measures, ways, and knowledge that specifically inform society to conduct entrepreneurship with social ends as the goal. The notion of SE is situated within a condition where every attempt at SE is integrated in market logic of entrepreneurial activities. SE, therefore, is merely part of entrepreneurship and is subordinated by profit-accumulation logic.

*Third*, the notion of SE in Indonesia embodies a double movement which differs

fundamentally from that of the Global North. Compared to the North context, SE in Indonesia also represents a double movement but with fundamental differences in the configuration of power. Whereas SE in the Global North disseminates equal power in the tension between formal and substantive economy, SE in Indonesia tends to show an inclination towards the dis-embedding movement, towards the formal principle of economy. The economic nationalism ideology brought by Widodo gives more space for the emergence of entrepreneurship as means to foster economic growth. The notion of SE could only exist within the context of market rationality and a growth-focused developmentalist agenda. SE continues to rise yet there are no adequate mechanism to measure the achievement of social ends of SE. In this regards, government would measure the success of SE through the logic of growth, which is in line with realising the economic-nationalism view. This brings special characteristics to SE in Indonesia, as it is highly prone to be appropriated by accumulation goals and which might set aside SE's ends to also distribute wealth for the poor. Whereas trends of SE in the Global North display a tense balance between substantive and formal economic perspectives, Indonesia performs SE with tendency to move from a substantive perspective of the economy.

This tendency does not completely negate the existence of a substantive economy in SE. Endeavours to make entrepreneurship 'social' should also be understood both to equalize or control the profit-seeking logic of entrepreneurship without annihilating it, and to compete with and give critique to existing entrepreneurial practices. On the one hand, SE could be perceived as an effort to expand a variant of entrepreneurship with the similar roots. On the other hand, SE could be understood as replacing current entrepreneurial activities that seemingly ignore the social-economic conditions of society and,

thus, attempt to propose a form of alternative entrepreneurship which might re-distribute welfare to people.

Here, SE is always political—its emergence is always product of tension and depends on the degree of compliance to the logic of entrepreneurship. In regards to this, the conception of SE might not be completely eliminated in Indonesia. The tension between efforts to put SE under market logic or social aims, and under substantive or formal conceptions of the economy, would persist with a variety in a broader political-economy context. While the existing SE is highly conditioned by Widodo's efforts to realise economic nationalist discourse, the forthcoming narrative and practice of SE might change and be situated under other narratives in national and international context. The powerlessness of SE as a counter-movement to this growth-oriented might be caused by the lack of awareness towards the destructive impact of market rationality—that is to put society needs and social relations as tools and are subordinated by profit-seeking goals. Given the massive development of entrepreneurship, people strive to optimize the opportunity and spaces given by the government to support their business activities without being sensitive to the impact of the accumulation-logic behind this entrepreneurship. This made both entrepreneurship and SE seems to be in line and compatible with each other despite their continuous intrinsic tensions.

## **Conclusion**

This paper attempts to develop a critical analysis on the concept of social entrepreneurship (SE) in Indonesia. Against existing literatures on this topic, this paper aims to see whether SE in the Global South is conceptualized and applied in different manner compared to that in the Global North. Existing literature rarely explores geographical variations in SE conceptualization, making the

relationship between context and the concept of SE underexplored.

This paper shows that the characteristic of double movement in Indonesia differs significantly from the SE in the Global North due to the different political-economic dynamics in Indonesia. The rise of SE is situated within the (re-)emergence of economic nationalism in Indonesia under the Joko Widodo Administration, which promotes a growth-oriented developmentalism. This ideology forces the government to subordinate other projects, particularly those involving the social ends that SE advocates, in order to foster national economic growth. This shows that SE in Indonesia is characterized and measured by its ability to realize Indonesia's economic independence. This is apparent in, among others, the Draft Bill on National Entrepreneurship that capture a strong compliance of SE to the growth-oriented development. Hence, compared to SE in the Global North, which holds in tension market and social rationality, as well as formal and substantive conceptions of the economy, the disembedding movement prevails in Indonesia.

Considering SE as political in character, the forthcoming research agenda would be to analyse the changing of narrative and practice of SE by being mindful to the national, political and economic context where SE operates. This would be important to assess the achievement of social goals that SE attempts to realize, as well as to understand SE's degree of compliance to the profit-seeking agenda of entrepreneurship.

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