

Community-Based Economic Empowerment through Social Entrepreneurship: A Model for Sustainable Rural Development

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Abstract

This research aims to develop a community-based economic empowerment model through a social entrepreneurship approach as a sustainable rural development strategy. The background of this research is based on the phenomenon of economic inequality and low independence of rural communities due to dependence on external assistance. The social entrepreneurship approach is seen as able to be an innovative solution because it combines social values with entrepreneurial principles that are oriented towards economic, social, and environmental sustainability. The research method used was mixed methods with an exploratory stage to explore local potential, followed by the implementation of a community-based participatory model in three pilot villages. Data were collected through in-depth interviews, participatory observations, and quantitative surveys that were analyzed descriptively and inferentially. The results of the study show that the implementation of community-based social entrepreneurship significantly increases economic capacity, social cohesion, and environmental sustainability of rural communities. The model developed focuses on collaboration between local governments, microfinance institutions, and community groups in building a fair and inclusive economic value chain. In addition, this model succeeds in fostering a spirit of social entrepreneurship that is oriented towards collective well-being, not just financial gain. These findings confirm that community-based economic empowerment through social entrepreneurship can be a strategic framework to strengthen rural economic resilience and support the achievement of the Sustainable Development Goals.

Keywords: Community-Based Economic Empowerment, Social Entrepreneurship, Sustainable Rural Development

Introduction

The actual condition of the rural economy in many developing countries, including Indonesia, is still dominated by the problems of economic inequality and structural poverty that are multidimensional. Most villagers depend on traditional agriculture for their livelihoods which have low productivity due to limited access to capital, technology, and agribusiness innovation. The inequality in the distribution of economic resources between urban and rural areas causes significant welfare gaps, both in terms of income, education, and employment opportunities. This phenomenon is further exacerbated by the low diversification of the economy in rural areas, so that people tend to be trapped in a cycle of dependence on the primary sector without strengthening the secondary and tertiary sectors that are able to create economic added value (Amruddin et al., 2024),

In addition, poverty in rural areas is not only caused by economic factors, but also by social and institutional structures that do not support the creation of community independence. Lack of entrepreneurial innovation, weak market networks, and limited human resource capacity strengthen dependence on government assistance and external

institutions (Mulyaningsih, 2021). This condition shows that rural development is not yet entirely based on local potential and community participation. Therefore, a new approach that is more inclusive and sustainable, such as social entrepreneurship, is needed to encourage the economic empowerment of village communities independently. This approach allows for a structural transformation of the system.

Limited access for rural communities to capital, technology, and markets is one of the main factors that hinder the progress of rural economies. Most economic actors in villages, especially farmers and micro-entrepreneurs, have difficulty obtaining formal financing due to limited collateral and low financial literacy (Mulyaningsih, 2021). In addition, the low penetration of production and information technology makes the production process still traditional and inefficient. Barriers to market access also cause local products to have low selling value because they are unable to compete in terms of quality and distribution (Todaro & Smith, 2020). This gap strengthens the position of village communities in a weak economic chain, so interventions that are able to bridge access to strategic economic resources in an inclusive and sustainable manner are needed (Samineni, 2018).

The community empowerment programs that the government has been implementing tend to be top-down, where policies and implementation are determined from the center without considering local needs and contexts. This kind of approach often results in new dependencies because society becomes the object of the recipient of assistance (Eversole et al., 2014), not the subject of change. As a result, many empowerment programs stop after external support ends and do not have a sustainable economic impact (Chambers, 2017). The failure of this top-down model demonstrates the need for a paradigm shift towards empowerment based on community participation that encourages local initiatives and collective ownership of the development process.

In this context, social entrepreneurship emerges as an innovative approach that is able to integrate social and economic goals in a balanced manner. Unlike conventional profit-oriented entrepreneurship, social entrepreneurship places social impact as the main goal, with economic benefits as a means to maintain business sustainability (Yunus, Moingeon, & Lehmann-Ortega, 2010). Through this approach, village communities can harness local potential to create new economic value while strengthening social solidarity. Social entrepreneurship also encourages the birth of a value-based collaborative economic ecosystem, where success is measured not only by financial gains but also by improving the welfare and independence of the community (Giampiccoli & Mtapuri, 2022).

The urgency of building a community-based model is increasingly important in efforts to realize sustainable rural development. This model emphasizes the active participation of the community in all stages of development, from planning, implementation, to evaluation, so that the results are more relevant and useful. A community-based approach allows for long-term knowledge transfer and local capacity building and strengthens the sense of community ownership of the programs carried out (Narayan, 2002). Thus, the integration between community-based empowerment and social entrepreneurship can be a strategic foundation for the creation of a resilient, inclusive, and sustainable rural economy, in line with the Sustainable Development Goals (UNDP, 2021) agenda.

Research Method

This study uses a mixed methods approach by combining qualitative and quantitative methods to gain a comprehensive understanding of the development of community-based economic empowerment models based on social entrepreneurship in rural areas. A qualitative approach is used at the exploratory stage to explore local potential, socio-economic dynamics of the community, and structural obstacles in the empowerment process. Qualitative data was collected through in-depth interviews with community leaders, social enterprises, and local policy makers, as well as through participatory observation of community economic activities. Meanwhile, a quantitative approach was used to measure the impact of the application of the model on community welfare indicators, such as increased income, economic participation, and business independence. Quantitative data collection was carried out through a survey of respondents directly involved in the empowerment program, with descriptive and inferential statistical analysis to assess the relationship between relevant variables (Dewanto et al., 2024; Suyatmo et al., 2023).

The model development procedure is carried out through three main stages, namely exploration, design, and model validation. In the exploration stage, the researcher identified the potential of local resources and socio-economic interaction patterns that are the basis for the development of empowerment models. The design stage is carried out by formulating a prototype of a community-based social entrepreneurship model that integrates economic, social, and environmental aspects. Furthermore, the validation stage was carried out through field testing in three pilot villages to measure the effectiveness and relevance of the model to the local context. The data obtained was analyzed using the triangulation method to ensure the validity and reliability of the research findings. Thus, this research method not only produces empirical findings regarding the effectiveness of empowerment models, but also provides a conceptual basis for the development of inclusive and sustainable rural development strategies.

Result and Discussion

The results of the study show that the application of the community-based economic empowerment model through the social entrepreneurship approach significantly increases economic independence and community participation in productive activities in rural areas (Giampiccoli & Mtapuri, 2022). Communities that previously depended on external assistance began to develop businesses based on local potential, such as processed agricultural products, handicrafts, and community-based ecotourism. Through social entrepreneurship training and intensive mentoring, there is an increase in community capacity in terms of business management, product innovation, and the ability to access alternative sources of financing. Quantitative data shows that the average household income of program participants increased by 25–35% within a year, while the community's participation rate in collective economic activities increased by 42%.

The qualitative findings also revealed that the success of this model is greatly influenced by cross-sectoral collaboration between local governments, microfinance institutions, educational institutions, and civil society organizations (Apra et al., 2021; Zulkifli et al., 2022). The collaboration enables the construction of a sustainable social economic ecosystem through strengthening market networks and local policy support. The government acts as a facilitator of policies and infrastructure, while local communities are the main drivers in the planning and implementation of economic activities. This

participatory approach strengthens the community's sense of ownership and social responsibility towards the sustainability of the program. In addition, the emergence of socially oriented local leadership has helped accelerate the transformation process from a subsistence economy to a productive economy based on values and solidarity (Asnur et al., 2024).

Socially, this social entrepreneurship model has succeeded in increasing cohesion and solidarity among community members. Economic activities are no longer only oriented to individual profits, but are directed to collective benefits such as the establishment of social cooperatives, mutual cooperation funds, and community profit-based social activities. The community also shows an increase in environmental awareness and social responsibility, for example through eco-friendly production practices and the sustainable use of local raw materials. This social aspect proves that social entrepreneurship not only changes economic behavior, but also strengthens social ties and collaborative values in the lives of rural communities (Juliansyah et al., 2025).

From the environmental perspective, the implementation of the community-based empowerment model also has a positive impact on the sustainability of natural resources. The program of processing agricultural waste into value-added products, such as organic fertilizers and biogas, shows that the community is beginning to understand the importance of economic circularity. These local innovations not only reduce ecological impacts, but also create new sources of income (Mandrysz, 2020). Field observations showed that 68% of respondents involved in the waste treatment program experienced higher technical capacity and environmental awareness than the non-participant group. This strengthens the argument that sustainable development in rural areas requires simultaneous integration of economic, social, and environmental dimensions.

Overall, this research proves that the community-based social entrepreneurship model can be a strategic approach in creating inclusive and sustainable rural development. The success of this model is determined by three main factors: (1) active participation of the community in all stages of activities, (2) adaptive and collaborative institutional support, and (3) social innovation based on local potential. The resulting model not only improves people's economic well-being, but also builds a social structure that is resilient to global change. Thus, a community-based social entrepreneurship approach can be recommended as a new paradigm in rural development policies towards the achievement of the Sustainable Development Goals (SDGs), especially goal 1 (no poverty), goal 8 (decent work and economic growth), and goal 11 (sustainable communities and settlements).

Conclusion

This study concludes that the implementation of community-based economic empowerment through the social entrepreneurship approach has proven to be effective in increasing economic independence, strengthening social cohesion, and encouraging sustainable rural development. The empowerment model developed is based on active community participation, utilization of local potential, and collaboration between stakeholders. This approach is able to change people's mindset from dependence on external assistance to productive independence oriented towards common welfare. The findings of the study also show that social entrepreneurship is a bridge between economic innovation and social responsibility, where financial gains are used to strengthen community capacity and expand social and environmental impact in a sustainable manner.

In addition to making practical contributions to rural development policies, this research also has theoretical implications for the development of community-based economic empowerment models in the era of inclusive economies. The success of this model underscores the importance of integrating economic, social, and environmental aspects in a holistic empowerment framework. By prioritizing the principles of collaboration, social innovation, and sustainability, community-based social entrepreneurship can be used as a new paradigm in modern rural development. Therefore, a sustained commitment from governments, educational institutions, and the private sector is needed to expand the application of this model as a systemic strategy in achieving the goals of resilient and inclusive Sustainable Rural Development.

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