

The Role of Sociopreneurs in Community Economic Empowerment in Sidoarjo: A Case Study on Village-Owned Enterprises (BUMDes) in Sidoarjo Regency

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ABSTRACT

Introduction Sidoarjo, as one of the regencies in East Java, has great potential in community empowerment through social entrepreneurship or sociopreneurship. This study aims to explore the role of Village-Owned Enterprises (BUMDes) in community economic empowerment in Sidoarjo through job creation, skills training, and the resulting socio-economic impact. The study was conducted in five villages, focusing on analyzing business models, contributions to employment, training provided, and challenges faced by BUMDes. The results show that BUMDes make a significant contribution to economic empowerment, despite facing challenges such as limited funds, digital marketing, and natural resource management. Village-owned enterprises (BUMDes) in Sidoarjo play a very significant role in community economic empowerment, as evidenced by their impact on job creation and increasing residents' income.

INTRODUCTION

Introduction Sidoarjo, as one of the regencies in East Java, has great potential in community empowerment through social entrepreneurship or sociopreneurship. Sociopreneurship refers to entrepreneurial activities that focus on creating positive social impact alongside economic profit (Seelos & Mair, 2005). One form of sociopreneurship initiative that is rapidly developing in the villages of Sidoarjo is the Village-Owned Enterprise (BUMDes).

BUMDes is a business entity established by the village government to empower the local community through job creation, skill enhancement, and management of village resources (Syarifuddin, 2019). According to Arsyad et al. (2017), BUMDes plays an important role in improving the local economy by providing products or services that can enhance the quality of life of the local population. However, although BUMDes has shown positive impacts, more in-depth research on its contribution to economic empowerment is still limited (Nasution & Solichin, 2020).

LITERATURE REVIEW

Social Entrepreneurship

Social entrepreneurship is a form of entrepreneurship that aims to solve social problems while creating economic value. According to Seelos and Mair (2005), social entrepreneurship aims to create significant social impact through social innovation capable of addressing social problems sustainably. Social entrepreneurship is not just about making financial profits, but also about creating positive social change. Mair and Marti (2006) also stated that social entrepreneurship can play an important role in improving quality of life through the creation of solutions for existing social problems, such as poverty alleviation, provision of access to education, and improvement of public health.

Seelos and Mair (2005) added that social entrepreneurship leads to the creation of economic value that not only benefits business actors but also provides advantages to the wider community, with a focus on the sustainability and scalability of the impact produced. Innovations carried out in social entrepreneurship are often related to the utilization of available resources to solve social problems that are considered unresolved by both the public and private sectors (Dees, 2001). Therefore, social entrepreneurship becomes important in the context of community development and the improvement of social welfare.

Village-Owned Enterprises (BUMDes) as an Instrument for Economic Empowerment

Village-Owned Enterprises (BUMDes) are institutions managed by the village government with the aim of managing local potential, creating jobs, and improving the village economy through sustainable businesses. Syarifuddin (2019) explains that BUMDes play a role in maximizing the potential of village resources, such as agricultural products, handicrafts, and other local products to enhance the village economy. BUMDes also function as an instrument to empower village communities by creating businesses based on local resources, which have the potential to reduce dependence on external sectors (Damanik, 2018).

According to Damanik (2018), Village-Owned Enterprises (BUMDes) can have a positive impact on rural communities by increasing economic independence and reducing reliance on external assistance. BUMDes help create job opportunities, open new markets, and introduce local products to a wider audience. Nugroho (2017) adds that BUMDes can function as an economic driving force, enabling villages to develop more independently, particularly through improving the community's skills in managing businesses. This aligns with Sari's (2020) view that BUMDes have the potential to enhance socio-economic welfare through economic empowerment based on local wisdom.

Skills Training in Community Empowerment

Skills training is key to enhancing the capacity of communities to manage businesses and increase income. Risnawati (2017) states that training focused on the development of both technical and managerial skills is very important in building the competitiveness of rural communities, especially for those who want to develop small and medium enterprises (SMEs). Training based on local strengths, tailored to the characteristics and potential of the area, can be more relevant and applicable for rural communities, enabling them to improve product quality and access wider markets (Sari, 2020).

According to Wahyuni (2018), skills training also serves as a tool to increase the productivity and efficiency of businesses run by rural communities. Training in business management and modern marketing (for example, digital marketing and e-commerce) has been shown to enhance the community's capacity to develop their businesses. Kurniawan (2018) added that intensive skills training, especially in financial management and marketing strategies, can extend the lifespan of businesses and strengthen the sustainability of MSMEs.

In addition, Nasution and Solichin (2020) stated that effective training programs can also facilitate better learning in business management, which will ultimately improve the quality of products produced by rural communities and open up more market opportunities.

Socio-Economic Impact of Village-Owned Enterprises (BUMDes)

Well-managed village-owned enterprises (BUMDes) can have a significant socio-economic impact on village communities. Nasution and Solichin (2020) explain that BUMDes play an important role in increasing community income, creating jobs, and strengthening village economic independence. The existence of BUMDes also provides opportunities for village communities to access various assistance programs that can enhance their business capacity. However, despite the significant positive impacts, many BUMDes face challenges such as limited funds and adequate managerial capacity.

Damanik (2018) also added that the success of BUMDes in empowering communities is greatly influenced by managerial factors and funding sustainability. Without careful planning and effective marketing strategies, many BUMDes struggle to survive in the long term. Therefore, it is necessary to enhance managerial capacity as well as access to financing to ensure that BUMDes can continue to grow and provide a greater impact on the village economy. However, as Riyadi (2019) revealed, although many BUMDes have succeeded in creating employment opportunities and increasing community income, many BUMDes still face significant challenges in business management, particularly related to funding limitations and product marketing issues. Therefore, to maximize the socio-economic impact of BUMDes, it is important for the government and relevant parties to provide greater support in terms of funding and training. Therefore, to maximize the socio-economic impact of village-owned enterprises (BUMDes), it is important for the government and relevant parties to provide greater support in terms of funding and managerial training.

METHODOLOGY

This study uses a mixed methods approach, with a case study in six BUMDes in Sidoarjo, including: BUMDes Kedungturi, Taman District, BUMDes Desa Wage, Taman District, BUMDes Mitra Mandiri Sejahtera Desa Bakungtemenggungan, Balongbendo District, BUMDes Sinar Mitra Gemilang Desa Tambak Kalisogo, Jabon District, BUMDes Blukid Jaya Makmur Desa Bluru Kidul, Sidoarjo District, and BUMDes Kencana Sejahtera Desa Rangkahkidul, Sidoarjo District. Data were collected through in-depth interviews, participant observation, and secondary documentation. Qualitative data analysis was conducted using thematic analysis to identify key patterns in the collected data.

RESEARCH RESULT

The Role of BUMDes in Community Economic Empowerment

BUMDes in Sidoarjo has proven to play a very important role in enhancing the economic empowerment of village communities. Through the management of businesses based on local resources and the provision of training, BUMDes has a direct impact on increasing income and employment opportunities. The majority of beneficiaries of BUMDes feel more supported in developing their businesses after receiving assistance from BUMDes, whether in the form of skill training or access to wider markets.

The manager of Kedungturi Village-Owned Enterprise stated: *"We have successfully created more than 50 jobs, both in the handmade crafts production sector, organic farming, and in product marketing management. With the presence of BUMDes, community income has become more stable."*

Likewise, the BUMDes Wage Beneficiary said: *"The training provided by BUMDes, such as making chips and online marketing, has been very helpful for us. I can sell my products outside the village, even to local convenience stores, which was previously impossible."*

According to Haryanto (2017), the presence of village-owned enterprises (BUMDes) in rural areas also influences the creation of sustainable employment, supports the village economy, and reduces dependence on the traditional agricultural sector, which is vulnerable to weather changes. These findings support the argument that BUMDes can function as a driver of inclusive economic development for rural communities.

Business Sectors Operated

Each BUMDes in Sidoarjo focuses on sectors that utilize their respective local potentials. Some of the sectors managed include handicrafts, culinary, processed agricultural products, and marketing of MSME products. The choice of business sectors is based on the village's natural wealth that can be further developed. In addition, BUMDes also provides training and guidance to MSMEs to increase production capacity and introduce local products to a wider market.

The manager of Kedungturi Village-Owned Enterprise said: *"We chose the handicraft and organic farming sectors because they are the flagship products of our village. We see great potential in both sectors that can be developed for local and regional markets."*

The beneficiary of BUMDes Sinar Mitra Gemilang said: *"The training on bamboo weaving and online marketing has been very helpful. Our products, which were previously only known in the local market, are now recognized outside the region."*

As stated by Mulyadi (2018), sectors managed by BUMDes are often highly dependent on local natural resources, with businesses based on crafts or agricultural products having the potential to increase village income if managed well. This study supports the finding that sectors based on local natural resources can strengthen the village economy, as long as there is adequate market access.

Social and Economic Impact

The existence of BUMDes has had a significant social and economic impact. With BUMDes, many villagers have gained additional income and even have more developed businesses. The training provided also helps the community develop new skills, both in technical fields (such as craft production and food processing) and in business management and digital marketing.

The manager of Wage Village-Owned Enterprise stated: *"Our biggest challenge is the limited funds to develop our culinary business and enhance the capacity of MSMEs. Although we receive assistance from the government, the available funds are still insufficient for larger business development."*

The beneficiaries of Kedungturi BUMDes also conveyed: " *Although we have been taught how to market products through social media, many people still struggle with this. Digital marketing training needs to be more intensive and ongoing.*"

In line with Yusuf (2020), who stated that the presence of BUMDes directly increases community access to resources and skills training that enable them to develop businesses, this finding indicates that BUMDes not only directly affects the economy but also contributes to improving the social welfare of the village community.

Challenges Faced

Although BUMDes has successfully made a significant contribution, there are still several challenges faced in its management. Limited funds to expand the business and improve product quality are major issues. In addition, many community members still struggle with marketing their products digitally. Many beneficiaries require further training in business management and digital marketing so that their products can compete in larger markets.

The manager of Wage Village-Owned Enterprise stated: "*Our biggest challenge is the limited funds to develop culinary businesses and increase the capacity of MSMEs. Although we have received assistance from the government, there is still not enough funding available for the development of larger businesses.*"

The beneficiaries of Kedungturi BUMDes also conveyed: "*Even though we have been taught how to market products through social media, there are still many people who have difficulties with this. Digital marketing training must be more intensive and sustainable.*"

As explained by Riyadi (2019) in his research on the challenges of Village-Owned Enterprises (BUMDes), limited funding and difficulties in expanding marketing networks are obstacles frequently faced by many BUMDes in Indonesia. This study supports the findings that, although BUMDes can have a positive impact, funding and digital marketing issues remain major challenges that need to be addressed promptly.

DISCUSSION

The Influence of Village-Owned Enterprises (BUMDes) on Village Economic Empowerment

Village-owned enterprises (BUMDes) in Sidoarjo play a very significant role in community economic empowerment, as evidenced by their impact on job creation and increasing residents' income. This finding aligns with the theory of economic empowerment, which states that one key to improving the welfare of village communities is by introducing and managing businesses based on local potential. Research by Sari (2020) confirms that BUMDes functions as a catalyst for economic empowerment by providing training that enables villagers to utilize their natural resources and local skills more effectively..

According to Yusuf (2020), economic empowerment through Village-Owned Enterprises (BUMDes) also involves providing access to skills training, opening new markets, and offering business capital. This enables village communities to not only rely on the agricultural sector, which is vulnerable to weather fluctuations, but also to develop more sustainable and diversified businesses. Furthermore, these findings are consistent with Haryanto's (2017) argument, which shows that BUMDes can reduce villages' dependence on traditional natural resources and shift the community's economic patterns towards a more sustainable and profitable direction..

However, although many beneficiaries recognize the important role of BUMDes in increasing their income, some BUMDes managers in Sidoarjo still face difficulties in expanding the impact of economic empowerment, one of which is the limited funds available. This is related to the limited funding from both the central and local governments, which requires improvement in order to more optimally support business development at the village level.

Challenges in Managing Village-Owned Enterprises (BUMDes)

Although BUMDes make a significant contribution to village economic empowerment, challenges in their management cannot be ignored. Findings about limited funds and difficulties in expanding digital marketing are common issues also faced by many other BUMDes. As noted in Riyadi's research (2019), BUMDes management is often constrained by limited capital and a lack of capacity in terms of product marketing and promotion.

Riyadi (2019) noted that limited capital is the biggest obstacle faced by village-owned enterprises (BUMDes), affecting their ability to develop existing businesses and expand product reach. In interviews with BUMDes managers, this proved to be one of the main issues, as highlighted by the manager of BUMDes Wage who acknowledged that limited funds were a barrier to developing culinary businesses and enhancing the capacity of MSMEs. Difficulties in digital marketing also pose a significant barrier, especially given the importance of social media and e-commerce platforms in today's digital economy. These findings indicate that the training provided by BUMDes needs to be expanded and made more intensive, as many people still struggle with implementing online marketing, which is often considered key to expanding the market for their products..

It is important to note that although Village-Owned Enterprises (BUMDes) have great potential in boosting the village economy, many BUMDes managers still lack the capacity to fully utilize technology. This is a major challenge because digital technology has now become a crucial means to enhance the competitiveness of local products in the global market. Therefore, efforts to introduce digital marketing more intensively need to become a top priority.

Skills and Business Sustainability

Training provided by BUMDes plays a very important role in enhancing the skills of village communities. According to Kurniawan (2018), training focused on managerial and marketing skills has a significant impact on the sustainability of MSMEs. In this regard, BUMDes that provide business training and mentoring have a very strategic role in extending the lifespan of businesses and increasing the capacity of village entrepreneurs to survive in the long term.

Kurniawan (2018) notes that managerial and digital marketing skills are crucial in supporting business sustainability, especially in facing market changes and increasing competition. This is reflected in the findings from interviews with BUMDes beneficiaries, such as the beneficiaries of BUMDes Mitra Mandiri Sejahtera, who stated that training in marketing through social media has helped them expand the market for their agricultural products. This training not only provides technical skills but also offers an understanding of the importance of managing a business in a more modern and efficient way.

In addition, it is important to note that the sustainability of the business also depends on the ability of BUMDes managers to innovate in facing the existing economic challenges. As stated by Yusuf (2020), BUMDes needs to provide more holistic and integrated training, which not only focuses on production skills but also on business management, financial management, and long-term strategic planning.

For example, some BUMDes managers in Sidoarjo have integrated training on financial management and marketing strategies into their programs, yet the beneficiaries still need further assistance in practical implementation. In this context, business sustainability is determined not only by technical skills but also by the capacity of BUMDes managers to utilize available resources and adapt to market changes.

Synergy Between the Government and the Community in Managing Village-Owned Enterprises (BUMDes)

As reflected in Haryanto's (2017) research, the synergy between the government and village communities is very important in ensuring the success of BUMDes. The central and regional governments need to provide greater support to BUMDes, whether through funding, supportive policies, or the facilitation of more integrated training. Therefore, the government's role as a facilitator and liaison for BUMDes in establishing partnerships with financial institutions and the private sector is very important.

Mulyadi (2018) also emphasizes that support for BUMDes, including access to low-interest financing and facilities for marketing local products, is crucial to increasing BUMDes' capacity in managing existing businesses. The synergy between the government, BUMDes, and the private sector will create a better ecosystem for businesses run by village communities, enabling them to develop more sustainably.

CONCLUSIONS AND RECOMMENDATIONS

1. Village-owned enterprises (BUMDes) in Sidoarjo play an important role in empowering the community's economy, creating job opportunities, and increasing income through local business sectors that are sustainable and well-managed.
2. Skills training and business mentoring provided by BUMDes have proven effective in improving product quality and opening up wider market access, both locally and online.
3. Challenges in managing village-owned enterprises (BUMDes), such as limited capital and difficulties in digital marketing, need to receive more attention in order to optimize existing potential and ensure business sustainability.
4. Diversification of Funding Sources: Village-owned enterprises need to establish partnerships with microfinance institutions or private entities to obtain additional capital to grow their businesses. In addition, it is also important to expand training on financial management and access to low-interest financing for SMEs..
5. Focus on Digital Marketing: Considering the challenges of digital marketing, BUMDes needs to provide more training related to the use of social media and e-commerce platforms to enhance the competitiveness of MSME products in a wider market..
6. Enhancement of Mentorship Programs: Village-Owned Enterprises (BUMDes) must strengthen mentorship programs with a focus on business management and financial management to ensure the sustainability of businesses and the long-term development of MSMEs.

ADVANCED RESEARCH

Further research can examine the long-term impact of sociopreneur activities of BUMDes on indicators of rural community welfare, such as increasing household income, local labor absorption, and reducing poverty rates. A quantitative approach with panel data or mixed methods can be used to see changes before and after BUMDes interventions.

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