

The State of Social Enterprise in Indonesia

Developing an Inclusive and Creative Economy

About Social Enterprises Study

Social Enterprise Landscape as a global initiative by British Council and UNESCAP



In February 2017, the British Council and ESCAP signed a collaborative agreement to promote the growth of social enterprise and impact investment across the Asia-Pacific region as a means of supporting progress on the Sustainable Development Goals (SDGs).



- India
- Pakistan
- Bangladesh
- Ghana
- Kenya
- Ethiopia
- Philippines
- Morocco
- Indonesia
- Malaysia
- Vietnam

About UNESCAP

The Economic and Social Commission for Asia and the Pacific (ESCAP) serves as the United Nations' regional hub promoting co-operation among countries to achieve inclusive and sustainable development. The largest regional intergovernmental platform with 53 Member States and 9 associate members, ESCAP has emerged as a strong regional think-tank offering countries sound analytical products that shed insight into the evolving economic, social and environmental dynamics of the region.

The Commission's strategic focus is to deliver on the 2030 Agenda for Sustainable Development, which is reinforced and deepened by promoting regional co-operation and integration to advance responses to shared vulnerabilities, connectivity, financial co-operation and market integration. ESCAP's research and analysis coupled with its policy advisory services, capacity building and technical assistance to governments aims to support countries' sustainable and inclusive development ambitions.

About British Council

- In February 2017, the British Council and ESCAP signed a collaborative agreement to promote the growth of social enterprise and impact investment across the Asia-Pacific region as a means of supporting progress on the Sustainable Development Goals (SDGs).
- Together we are co-operating to provide research, analysis, training, policy dialogues and offer guidance to support policy makers and other stakeholders in formulating and implementing policies and strategies that foster social enterprise and create enabling environments for impact investment.
- The social enterprise survey in Indonesia is an example of this work and will provide information as to the size and scale of the social enterprise sector in the country.
- Social enterprises harness trade, investment and business activity towards social and environmental objectives and are increasingly recognized as critical drivers of innovation for sustainable development.

Study Objective

Fostering social enterprises to be investment ready



Together we are cooperating to provide research, analysis, training, policy dialogues and offer guidance to support policy makers and other stakeholders in **formulating and implementing policies and strategies that foster social enterprise and create enabling environments for impact investment.**

Research Partners

Social Enterprise UK & PLUS



Social Enterprise UK
Research Partner

The UK body for social enterprise - business with social and environmental mission. We support business where society profits.



PLUS - Platform Usaha Sosial
Implementation Partner

PLUS is a social innovation hub to grow social enterprises through capacity building, connection, and community.

Methodology

As this study is part of a global study led by the British Council, it will be used alongside research from other countries to help develop a better global understanding of social enterprise.

By using **questionnaires and interview**, the primary data about social enterprises captured in this research include :

- Age and gender of leadership
- Year of operation
- Location and geographical area of activities
- Legal form
- Area of focus
- Social impact: Beneficiaries
- Job creation
- Business size
- Profit allocation
- Future expectation
- Growth plans
- Barriers to growth
- Financial source
- Financial constraints

Classification of Social Enterprise in Indonesia

467 out of 495 respondents:

- They have social or environmental mission as their main purpose
- They generated income not only from grants
- They distributed their profit not only for owners and shareholders.





Study findings

Summary

Estimated number of Social Enterprise

The estimate number of SE in Indonesia is about **342,000** organisations while currently only for about 2,000 social enterprises identified

Business Objective



68% Sell product or services



58% Improving a particular community



49% Create more inclusive employment opportunities

Sectors

Top 3 sectors of social enterprises



22% Creative Industries



16% Agriculture & Fisheries



15% Education

Beneficiaries

Top 3 beneficiaries of social enterprises

63%

Local
Community

48%

Women

44%

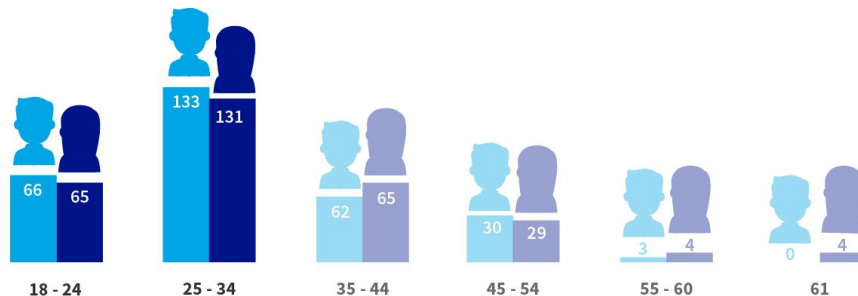
Young
people



Summary

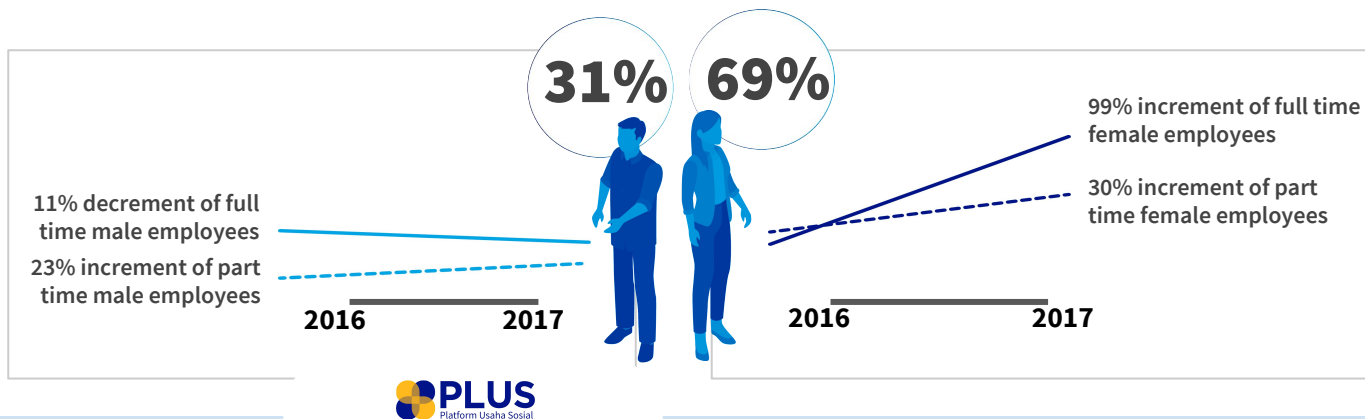
Social Enterprises Leadership in Age and Gender

Young leaders are dominating social enterprise sector and the number of men and women-led SE are nearly equal.



Employment

The workforce of social enterprise is increasing and dominated by women (69%). This is higher than the 57% women employment rate in the MSMEs sector.



Summary

Barriers to growth

Funding and human resources are the main challenges facing social enterprises

47% Lack of capital
(debt/equity)

31% Difficulties
obtaining
grant funding

31% Shortage of
managerial skills

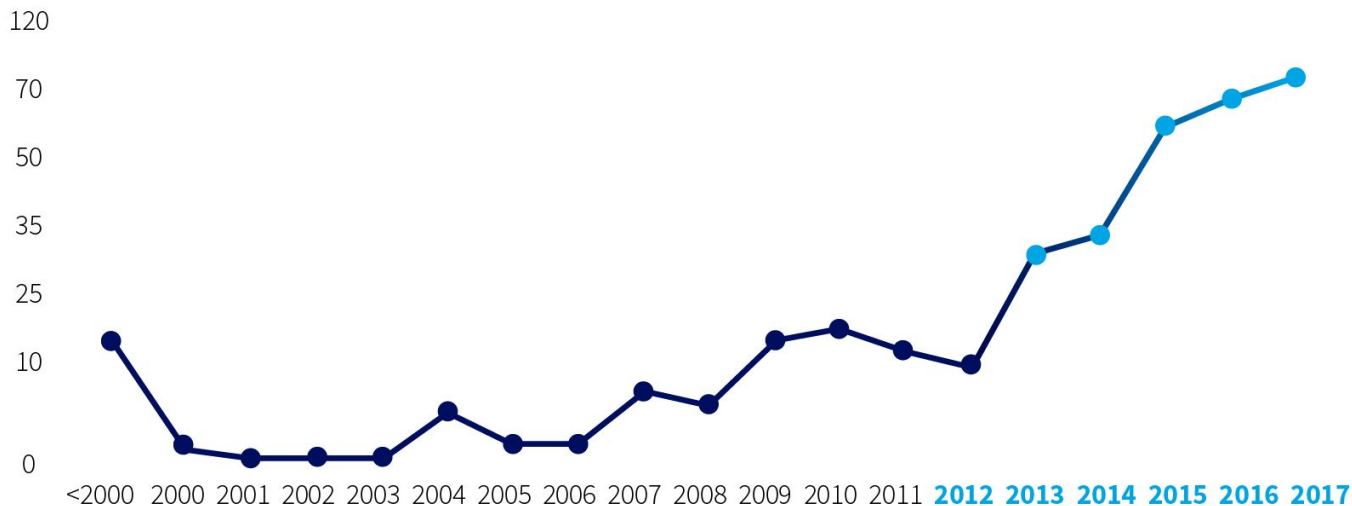
Growth Plans

Social enterprise respondents plan to grow their business and impact by focusing on product and customers outreach



Year of Establishment

There is an increasing trend of Social Enterprise in the past 5 years and 45% have been in operation within the last two years.

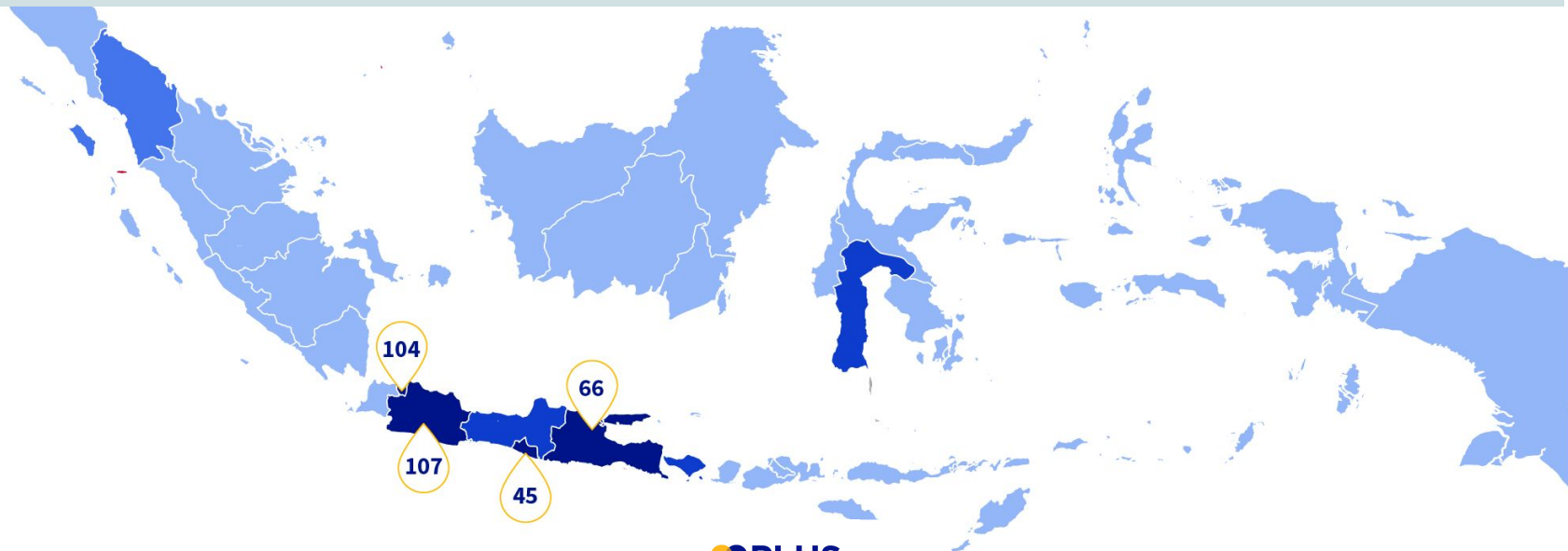


Number of Social Enterprise Established per Year

Location and geographical area

The respondents are heavily concentrated in Java and they operate at either local (37%) or national (35%) scale.

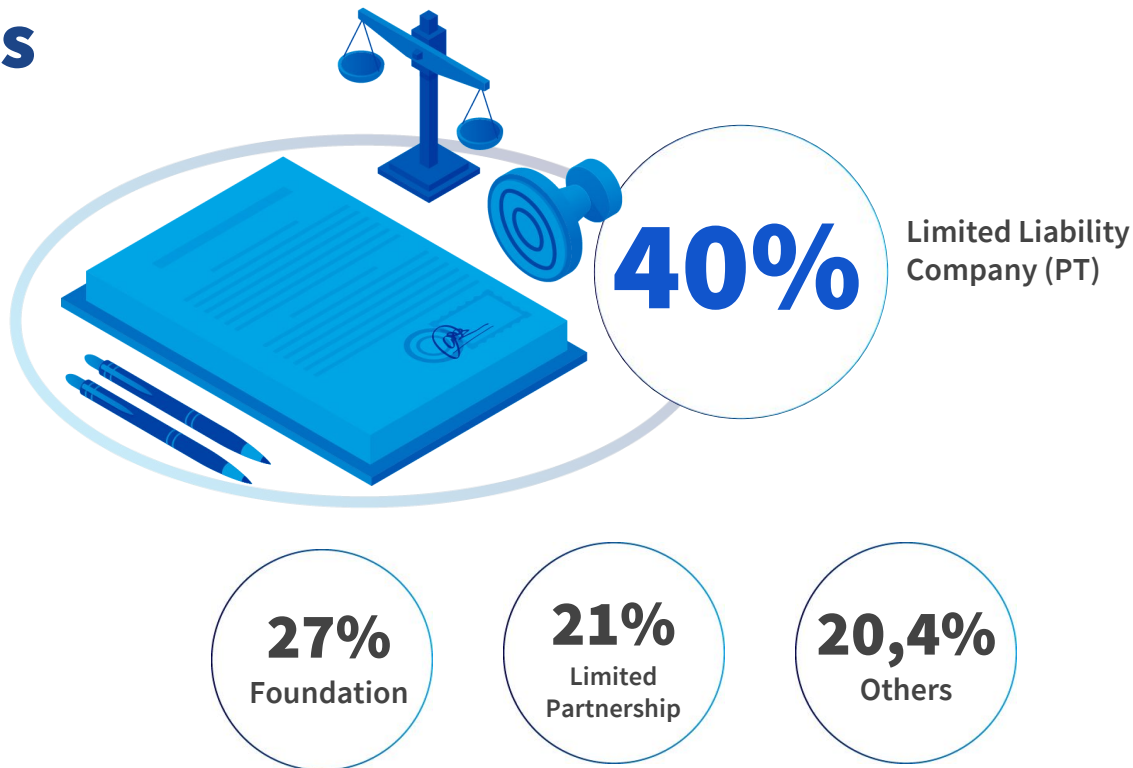
Location of Survey Respondents



Social Enterprises Legal Form in Indonesia

Just over half of all social enterprises (53%) are legally registered.

A small number of social enterprise respondents have more than one legal entity.



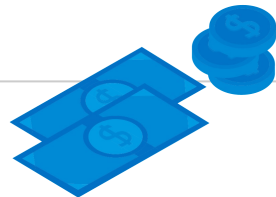
Business Size

64% of social enterprises respondents are micro business with \$ 57K USD as average annual revenue of each enterprises



64%

of our respondents are
micro business



1.9%

contribution to
Indonesia GDP

\$ 57 K USD

average annual revenue each social
enterprise

\$ 19.6 bio USD

estimated annual revenue of social
enterprises

Profit Allocation

From 203 social enterprises generated profit, most profits were allocated for growth and development activities, cross subsidy, and rewards to staff.



72%

Growth and
development activities

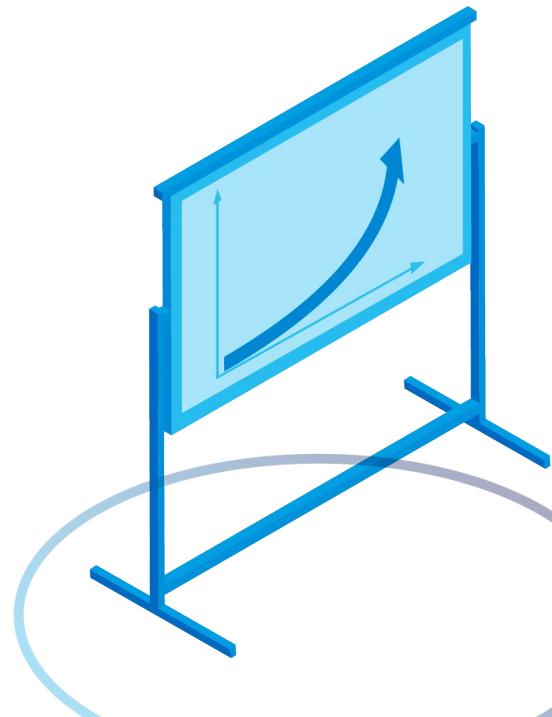
29%

Cross subsidising
social mission with
business activity

27%

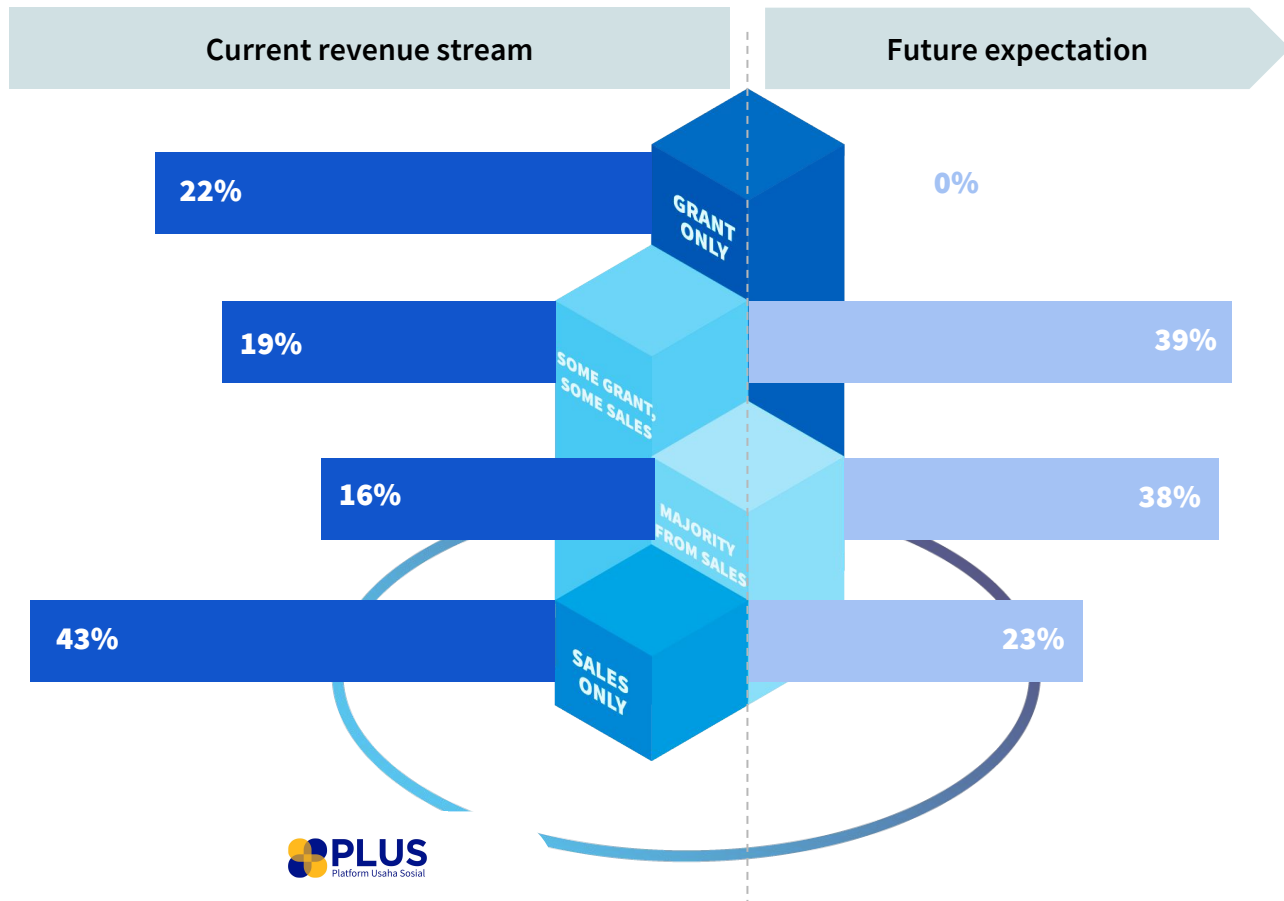
Rewards to staff

**Respondents can choose more than one option*



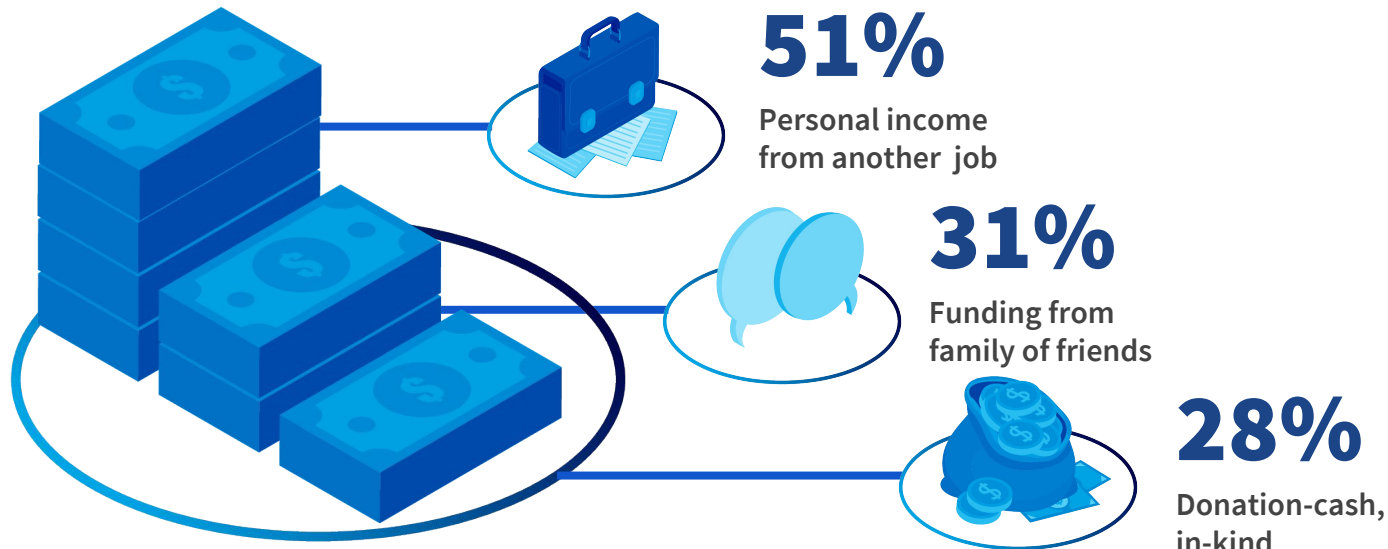
Future Expectation

- The majority of respondents are expecting to have hybrid models by combining grant and sales as their revenue stream
- All of them agrees that they want to not only rely on grant.



Financial Source

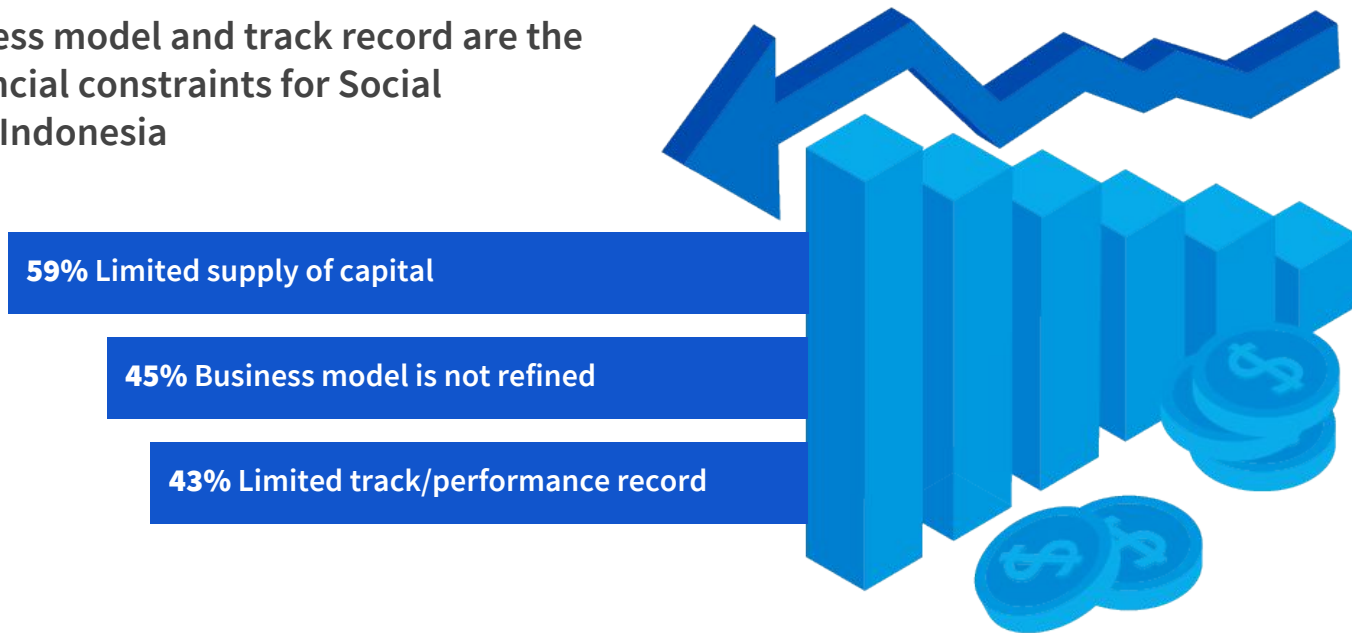
Since majority of respondents are early stage social enterprises with only 50% of them has legal form, therefore bootstrapping and donation become the most accessible options for financing



**Respondents can choose more than one option*

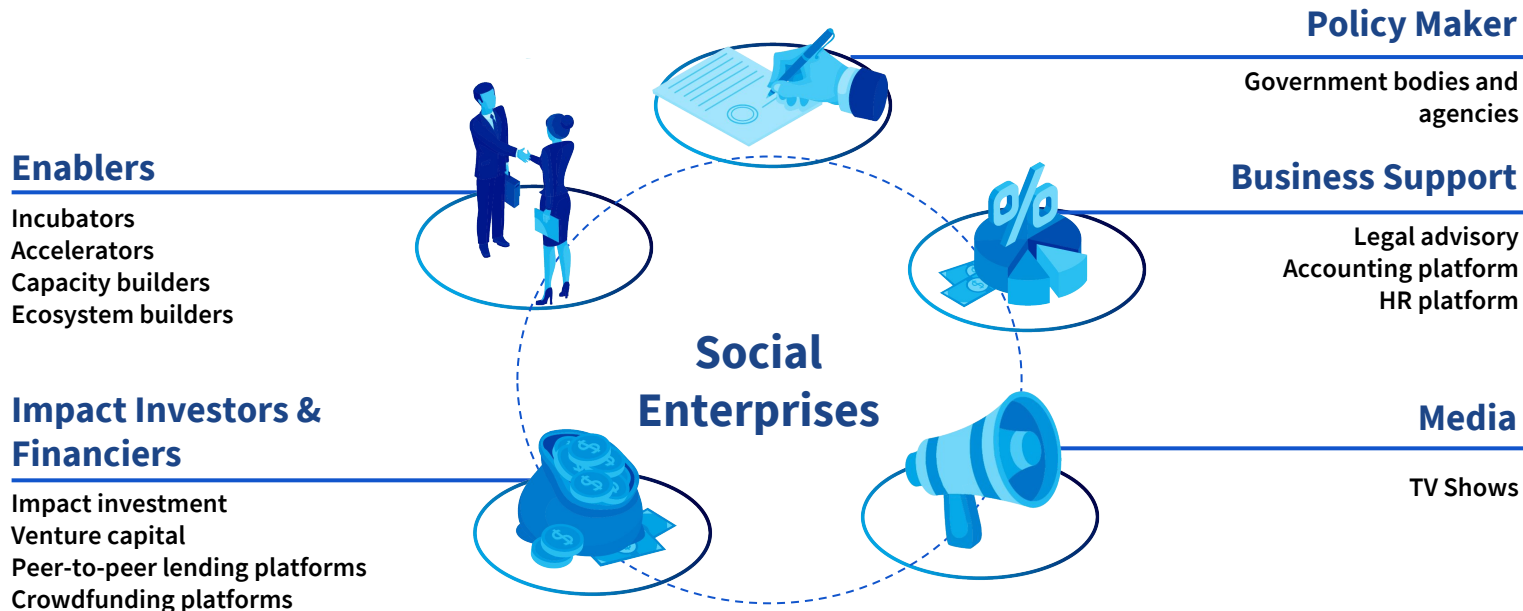
Financial Constraints

Capital, business model and track record are the top three financial constraints for Social Enterprises in Indonesia



**Respondents can choose more than one option*

Social Enterprise Ecosystem in Indonesia



Let's create more impact together!

