

Application of the business incubation model to social entrepreneurship programs: a case study of extreme poverty in Brebes district

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Abstract. The phenomenon of social entrepreneurship had grown rapidly along with poverty alleviation efforts. The Director General of Social Empowerment of the Ministry of Social Affairs seeks to develop innovative poverty reduction programs by carrying out social empowerment efforts through the Social Entrepreneurship Program (*Prokus*) collaboration with the Pusat *Inkubator Bisnis* LPPM UNSOED. This research's aims were: 1) Identify the KPM profile of the Social Entrepreneurship Program in Brebes Regency, 2) Find out the pattern of incubation for the Social Entrepreneurship Program in Brebes Regency. Qualitative analysis was used in this study. The sampling method was carried out census on 300 KPM spread over 38 villages or sub districts in Brebes Regency. From this research, it shows that 94.3% of KPM ran a business in the Agribusiness sector, as much as 96.5% use family labor, the length of business that has been run for more than 5 years is 59.7%, the income per day below IDR 50,000 was 93%. Business incubation assistance can help increase KPM graduations. The assistance includes financial literacy, Business Model Canvas (BMC) training, Good Food Processing Practice training and packaging techniques, online marketing, product branding, business model development and networking.

1 Introduction

A better living can help a society reduce poverty and boost household welfare. Sustainable livelihoods are attained by combining a variety of livelihood resources (natural, economic, financial, human, and social) to pursue various livelihood strategies [1]. Agricultural productivity is falling short of expectations due to the scarcity of agricultural land and the

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narrowing of agricultural area [2]. In Indonesia, pursuing competitive scientific knowledge transfer has shaped the university's new mission of knowledge transfer to practice. To contribute to economic development, these institutions are supposed to integrate basic and applied research with the rapid transfer of academic outcomes to knowledge users and consumers. Fighting for sustainable livelihoods and overcoming vulnerabilities related to water availability, most people who make a living as farmers must carry out strategies for their livelihoods. Brebes as one of the regencies in Central Java which has a special priority in alleviating poverty, it is necessary to give more attention to MSMEs. According to the Brebes Regency Gross Regional Domestic Revenue (GRDP) data stated by the Central Statistics Agency/ BPS (2019), although it had decreased in 2015 but in general it had an increasing trend [3]. Along with that, poverty data in Brebes Regency also shows a downward trend (Table 1). Referring to the two data, Brebes is one of the districts that continues to have the potential to develop economically.

Table 1. GRDP and Number of Poor Population in Brebes Regency 2014-2018.

	Year				
	2014	2015	2016	2017	2018
GRDP (trillion IDR)	30.899	30.444	37.448	39.987	43.018
Poor Resident (%)	20	19.79	19.47	19.14	17.17

Source: [3]

The biggest challenge for the Indonesian people is the Poverty Reduction Program (*Pronangkis*). To overcome these problems, the empowerment and independence of the community (sustainable livelihoods) in developing the existing potentials need to be encouraged. In order to realize the independence of the poor and vulnerable, the Director General of Social Empowerment of the Ministry seeks to develop innovative poverty reduction programs by carrying out social empowerment efforts through the "Social Entrepreneurship Program" or *Prokus* in collaboration with Business Incubators. One of them is the Center for Business Incubator (PIB) Institute for Research and Community Service (LPPM) UNSOED.

The direction of the *Prokus* policy itself is as an effort to social empowerment for poor families that combines business and social activities, a community approach through a business approach to prevent and overcome social risks and social problems. *Program Keluarga Harapan* (PKH) which has a start-up business. Exit strategy is expected that *Keluarga Penerima Modal KPM* can be connected or bridged (Bridging) with ministries/agencies that handle MSMEs, micro business credit financing and Kredit Usaha Rakyat (KUR). This research objectives are to identify the KPM profile of the social entrepreneurship program in Brebes Regency and to know the pattern of incubation assistance for the social entrepreneurship program in Brebes Regency.

2 Material and method

2.1 Material

The research method is action research method (action research). Action research methods are based on the belief and assumption that complex social systems (such as companies, villages, cities, etc.) cannot be studied by reducing them to their constituent components (for example, by studying only the people or technology [4]. Research activities are carried out in July-December 2021. The target of the Social Entrepreneurship Program (*Prokus*) is the Beneficiary Families (KPM) in 6 Districts, Brebes Regency, totaling 300 people. The

selected sub-districts in Brebes Regency include: Tonjong District, Jatibarang District, Brebes District, Wanasari District, Keanggunan District, Paguyangan District.

2.2 Method

In this study, observation, documentation, and questionnaires were used to collect data. In this study, descriptive statistical analysis was utilized to analyze the data. The distribution of items from each variable is utilized in descriptive analysis to give a summary of the data obtained based on the responses of the respondents. Qualitative analysis was carried out using a descriptive approach. Descriptive analysis is needed to describe the nature of facts systematically and accurately, as well as the relationship between the phenomena studied. In this study, it is used to describe the general description of PKH in Brebes Regency. Because scientific research processes have so many sides, it is important to assess the research's outputs, procedures, actors, and context while looking for domains of intersection between science and policy [5]. The successful transfer of scientific knowledge between scientists and practitioners relies heavily on science-based policy recommendations [6]. The goal of this research methodology is to respond to complex sustainability problems faster by making decisions and taking actions based on the best available knowledge [[7]; [8]; [9]].

2.3 Stages of Research Implementation

Implementation of research activities through several stages, among others:

1. Technical Guidance for Social Entrepreneurship Program with the Ministry of Social Affairs. Implementation of the Social Entrepreneurship Program Technical Guidance between the Ministry of Social Affairs and the Incubator is carried out online regarding general guidelines and technical implementation
2. Validation/Clustering of KPM PKH based on DTKS data
Validation/Clustering of KPM PKH in the field is carried out by an incubator based on KPM data obtained by the Ministry of Social Affairs with the addition of filling out a questionnaire for profiling KPM businesses
3. Training of Trainer (ToT) Mentor
Mentor ToT activities are carried out with certain themes based on needs analysis in business incubation assistance from various sources. The materials presented during the Two T include Financial Literacy, Good Production Procedures, Branding and Packaging. Scale Up Business, Digital Marketing and Business Legality.
4. PKH KPM Business Incubation
The business incubation process is carried out by the mentor/facilitator which includes business concepts, simple business bookkeeping, profit and loss calculations, business legality, product legality, marketing strategies, packaging, healthy kitchen shipping packing and E-Commerce
5. PKH KPM Product Expo
The KPM PKH product expo was conducted on potential KPM businesses both regionally and nationally. Regional Expo was held in Jati Barang District, Brebes Regency. The National Expo was held in Bangka to coincide with the commemoration of the National Solidarity Day (HKSAN).
6. Monitoring and Evaluation
Monitoring and evaluation are carried out internally by LPPM UNSOED and externally by the Indonesian Ministry of Social Affairs.

3 Results and discussion

3.1 Profile of KPM PKH

For many years, there has been close collaboration between the university's research center and the local government [10]. As required by Act No. 11/2000, the local government needs the scientific results as a foundation for formulating regulations. The university's researcher groups, which include diverse research fields, perform research. KPM data originating from the Ministry of Social Affairs based on the DTKS screening given to the LPPM UNSOED Business Incubator Center is 408 KPM people spread over 6 (six) Districts and 41 Villages/*Kelurahan*. The results of the validation of the Incubator in the field with the Social Service of Brebes Regency there are 24 (twenty-four) KPM PKH that have Graduation or Not Eligible (NE). The validation and selection of KPM who passed the *Prokus* activity reached 300 people spread over 38 villages/*kelurahan*. For KPM who do not pass, on average, they are outside their domicile (migrate), cannot identify, change their place of residence, do not do business anymore and are already independent in their business.

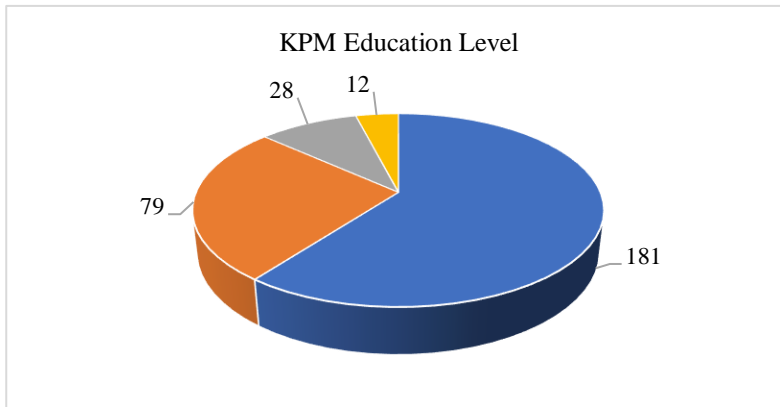


Fig. 1. KPM Education Level Following *Prokus*

The education level of KPM (Figure 1) who participated in *Prokus* activities were mostly 181 elementary school graduates, 79 junior high school graduates, 28 high school graduates and 12 people who didn't go to school. Education level shows a person's ability to absorb a given innovation.

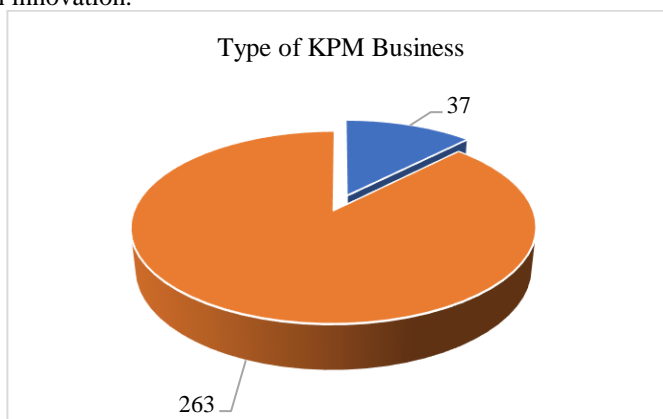


Fig. 2. Types of KPM Businesses Following *Prokus*

The types of KPM businesses (Figure 2) that participate in *Prokus* activities are on average 283 food producers and 37 traders. Food producers generally are processing raw materials into finished or semi-finished goods which are then marketed, such as *gropak* production, herbal powder and others. Processed raw materials are purchased at the traditional market around their residence in Brebes Regency, this can have a positive impact on increasing the income of producers (farmers) and traders in traditional markets.

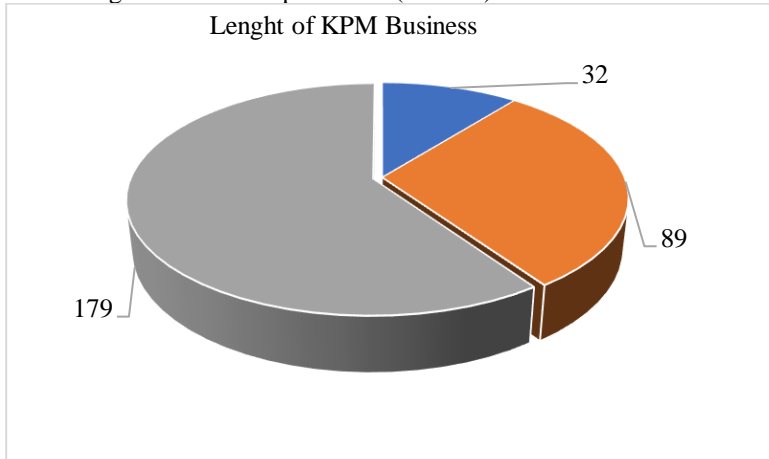


Fig. 3. Lenght of KPM Business following *Prokus*

The length of business (Figure 3) shows KPM's experience in managing the business. There are businesses that are being run which are pioneers from the beginning and are derivatives of their previous parents. The business carried out by KPM is a living strategy to earn daily or monthly income. Since the pandemic hit, not a few businesses run by KPM have become their main source of income because many of their husbands have been affected by the pandemic.

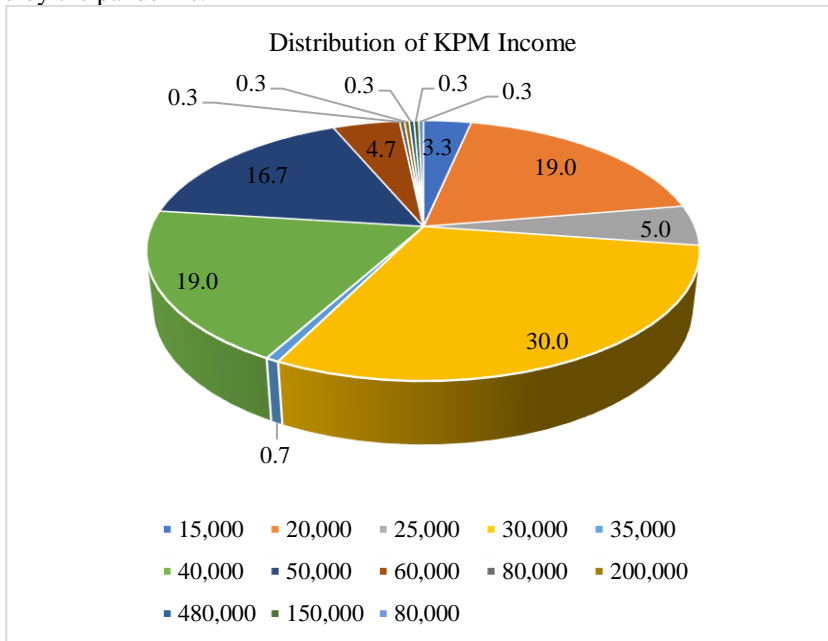


Fig. 4. Distribution of KPM Income Following *Prokus*

The distribution of KPM income (Figure 4) that follows *Prokus* is generally still below the UMR range in the Brebes Regency area IDR 1,866,000). This relatively low-income distribution is due to the fact that the business and its market reach are still narrow, namely around the RT/RW, Village and District areas. A concerted effort is needed to increase per capita income with a Penta helix approach. To be able to have a sustainable living, community strategies can be used to solve this issue [11]. The Penta helix or multi-stakeholder approach in which elements of government, academics, business entities or actors, communities or communities, and the media unite to coordinate and commit to developing knowledge innovations that have the potential to be capitalized or transformed into competitive products and services.

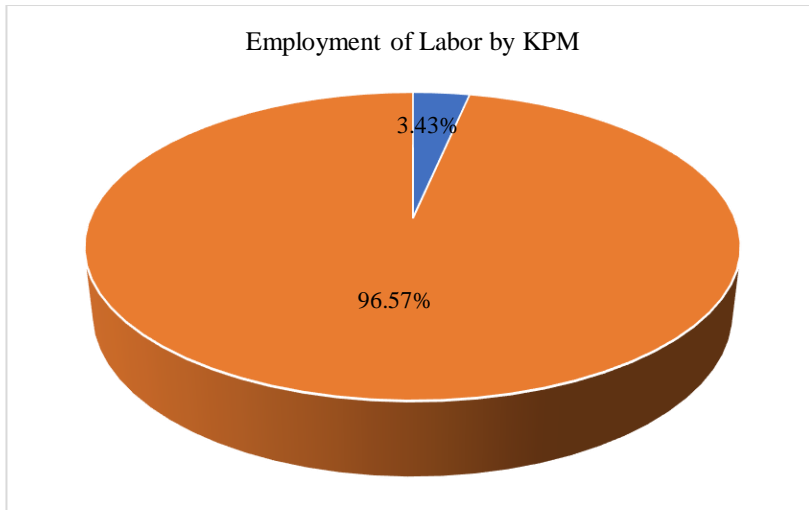


Fig. 5. Employment of Labor by KPM in their Business

Labor from outside the family is included in the explicit cost, which is paid daily in the range of IDR. 25,000 up to IDR. 40,000. Family labor, consisting of 96.57%, dominated employment of the KPM in their business; the rest was from outside family labor in the amount of 3.43% (Figure 5). *Prokus* has a multiplier effect in absorbing unemployment because it uses labor outside the family. Labor in the family is included in the implicit cost which is not taken into account by the cost of labor.

Utilization of labor outside the family in *Prokus* activities which are incubated and mentored by the UNSOED Business Incubator Center (PIB) is expected to increase by 10%. This is because several KPMs that produce various products require labor to meet market demand. One of the strategies developed is by providing training to other people to produce certain products, developing resellers and suppliers of raw materials and marketing.

3.2 Incubation Program for KPM

The incubation program for KPM in *Prokus* activities in 2021 is shown in Table 2. Simple bookkeeping and preparation of Cost of Production (HPP) is carried out for all KPM. Not a few KPMs mix family finances and business finances so that business development cannot be felt in real terms. Financial recording is carried out every day with the aim of KPM knowing the amount of profit/loss in each month. In addition, the profit/loss report is also useful for KPM who will access external capital. However, several things are still constrained, including the existence of KPM who cannot read and write (illiterate), feel this

bookkeeping process is very inconvenient and do not understand how to do it even though intensive assistance has been carried out. Fighting for sustainable livelihoods and overcoming vulnerabilities related to finance availability, most people who make a living as farmers must carry out strategies for their livelihoods [12]. The incubator always provides an understanding of the benefits of simple bookkeeping in business such as being able to minimize excess expenses, knowing whether or not a business/business is profitable, assisting further business strategies and providing a clear picture for financial institutions/creditors or investors.

Table 2. Incubator Intervention on KPM in *Prokus* Activities.

No	Incubation Program	Follow up plan
1	Simple Financial Bookkeeping	Business development, access to capital to financial institutions, active in saving with the tagline "Consumption is Saving Time"
2	Calculation of HPP	HPP calculation
3	Create BMC	Preparation of BMC
4	Making NIB, IUMK and PIRT	>75% of KPM already have NIB and only 1 person has PIRT and Halal certificate
5	Make GMP	Good Food Processing Practices (CPPOB)
6	Good Packaging Technique	Use of good, neat and ergonomic packaging
7	Business model development	Development of social entrepreneurship, List and Sharing Menu, as well as Pre Order system, product diversification
8	Marketing development	Market expansion, exhibition/expo, online social media, gift shop and modern
9	Shop layout	Neat and attractive shop layout. Development of distribution and agency network (SRC)
10	Service Development	Development of pick-up and drop-off services, and other services
11	Network	Alliance with the Remojong MSME Group under the guidance of PT HUAWEI and the Department of Trade Cooperatives and MSMEs. To facilitate business training, exhibitions and tents for bazaars. The institutional principles are community, synergy and mutual sharing. Cooperation between PT PNM and ACT for capital development Collaboration with PT Bhinneka
12	Mini Photo Studio	Product branding
13	Expo	Regional and National Expos

Institutional development carried out by PIB UNSOED is to facilitate the manufacture of NIB, IUMK and PIRT. KPMs that already have an NIB have reached more than 75%, while those without an NIB are constrained by KPM's understanding of the existence of tax levies and a mindset that does not want to change and has no benefits. Community empowerment is a dynamic process with a strategic function to increase the community's capacity and capability to develop local resources' potential. Empowerment serves to improve the quality of human resources [13]. The empowerment process needs to be done participatory and continuously [14]. Active community participation is demanded at the implementation stage and in planning, monitoring, evaluation, and reconsideration. Thus,

empowered citizens have a sense of belonging, need, and responsibility for the empowerment program. Active participation is the key to successful empowerment, including farmers and craftsmen [15].

The management of PIRT for KPM is still limited to communication with the Health Office and providing data on potential KPMs that can be included in coaching. Almost more than 50%, the incubator assesses that KPM is still having problems getting a PIRT. This is because the way of processing food is still not good and the kitchen is not healthy. The main mentoring done to KPM for processed products is about good food processing methods and further knowledge of healthy kitchens.

Some KPMs have met the requirements for healthy kitchens with tiled floors, they just need to provide knowledge about the layout of the production process. Packaging is also the main thing that the incubator intervenes with for KPM which specializes in food products. The lack of information about the important role of packaging in product marketing is one of the reasons why many KPM products are still difficult to compete. There are still some KPMs who do not pay attention to the packaging that is made, so that these products do not have more selling value in the eyes of consumers. In addition, intense market competition has also resulted in many KPM products not selling well because they have unattractive packaging designs.

Generally, KPM packaging their products very simply by packing them in large plastic 0.5 or 1 kg or selling them immediately. The understanding made to KPM is "Consumers are the highest judge in the buying and selling process". The results of mentoring on packaging at KPM have had an impact on their income. When packaging is simple, KPM can only sell IDR 50,0000 but after good packaging, you get IDR 900,000

KPM is also given an understanding that the packaging of the product must have an ergonomic value, which of course will provide comfort to consumers. So that consumers will find it easier to enjoy these products because of convenience. In addition, ergonomic products are also practical, easy to carry, comfortable to hold, and so on. In making product packaging, business actors must be able to help consumers to enjoy the product, one of which is packaging that is easy to assemble, use, and store. Product photo facilitation was also provided to KPM through a mini studio owned by the Incubator. This is expected to be used as a promotional media through social media or marketplace.

Product arrangement or what we are often familiar with the term display is a way of structuring certain products with the aim of attracting consumer interest. Display is a way of encouraging consumer attention and interest in a store or item and encouraging purchase intention through direct visual appeal. However, these efforts are still constrained by the limited store space they have. Merchandise placed together with the family room. The place is clean, tidy, safe from direct sunlight, soap and merchandise are separated for consumption. However, there is no list of items and prices yet.

Network development is carried out by a business incubator to support the sustainability of KPM's business. Some of the activities carried out are collaborating with the Remojong MSME community in Brebes Regency. The Remojong community is a community of MSME actors. It is hoped that KPM can synergize with each other and share experiences in business development. The Remojong community has tent facilities for the bazaar. Usually, the bazaar is held every Saturday and Sunday in the Brebes District Square. The Remojong Community is fostered by PT Huawei and the Brebes Regency Cooperative, Trade and MSME Service. The Remojong community has two exhibition tents measuring 2x3 m which can be used together for promotion or selling together.

The Business Incubator Center (PIB) also initiated a collaboration with the financial institution PT Permodalan Nasional Madani (PT PNM), in which the financial institution is engaged in developing ultra-micro businesses with the Mekar scheme and MSMEs with the ULAM scheme. It is hoped that KPM can access these financial institutions for business

development. In addition, PIB also initiated a collaboration with PT Bhinneka which developed a campus marketplace. The benefits of this collaboration can be used as an online market in addition to the campus academic community as well as for MSMEs assisted by lecturers and or institutions that have been carried out. The Rapid Response Agency or ACT is an institution that focuses on business development, especially for the poor or the poor.

The exhibition or Expo is carried out with the aim of supporting and increasing KPM's confidence as an actor, increasing the competitiveness of local products and promoting products to the wider community. The incubator provides understanding to KPM that exhibition/expo/bazaar events have many benefits, including an effective means of introducing products, strengthening image, getting to know competitors, being able to see market trends, and evaluating business performance. KPM can learn and evaluate their business and dig up information about selling prices, strategies, and competitors' innovations.

Exhibition facilitation has been carried out by incubators both regionally in Brebes Regency and Nationally. For a regional scale, it is carried out in Taman Besar, which is the center of the Brebes community, especially in the Jatibarang Lor area. This park is also a tourist center for the former Dutch sugar factory. In addition, the Incubator selected two KPMs with potential products to appear at the HKSAN exhibition in Bangka Belitung. In this *Prokus* activity, KPMs are given business strengthening assistance in the form of equipment, materials, and facilitation. This business strengthening assistance is based on the needs analysis submitted by the KPM itself. This assistance is intended to increase the production capacity of KPM.

In general, *Prokus* has the potential for a multiplier effect, including opening new job opportunities through the use of workers outside the family, having resellers, developing multi-stakeholder cooperation networks, contributing to Regional Original Income (PAD), which has implications for increasing the country's gross income.

The real multiplier effect of this *Prokus* activity can be seen from the statements of KPM who were present at the time of monitoring and evaluation as well as the FGD of *Prokus* activities with the Ministry of Social Affairs on December 25, 2021, there is a statement which states that currently many KPMs are starting businesses. This *Prokus* activity turned out to be able to build KPM awareness both individually and collectively that entrepreneurship is very important.

4 Conclusion

The conclusion of this research is:

1. The Ministry of Social's *Prokus* activities are carried out through the Social Entrepreneurship Program Guidance phase with the Ministry of Social Affairs, Coordination of Social Entrepreneurship Programs with the Brebes District Social Service, Mentor/Facilitator Selection, Validation/Clustering of PKH KPM based on DTKS data, Mentor Training of Trainers (ToT), KPM Business Incubation PKH, PKH KPM Product Expo, Monitoring and Evaluation.
2. The Ministry of Social Affairs' *Prokus* activities in Brebes Regency have an impact on employment, increasing revenue for packaging repairs and expanding market share

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