

Indarto, Indarto; Lestari, Rohmini Indah; Santoso, Djoko.; Prawihatmi, Chatarina Yekti

Article

Social entrepreneurship and CSR best practice: The drivers to sustainable business development in new Covid-19 Era

Cogent Business & Management

Provided in Cooperation with:

Taylor & Francis Group

Suggested Citation: Indarto, Indarto; Lestari, Rohmini Indah; Santoso, Djoko.; Prawihatmi, Chatarina Yekti (2023) : Social entrepreneurship and CSR best practice: The drivers to sustainable business development in new Covid-19 Era, Cogent Business & Management, ISSN 2331-1975, Taylor & Francis, Abingdon, Vol. 10, Iss. 2, pp. 1-21, <https://doi.org/10.1080/23311975.2023.2235086>

This Version is available at:

<https://hdl.handle.net/10419/294536>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



<https://creativecommons.org/licenses/by/4.0/>

Social entrepreneurship and CSR best practice: The drivers to sustainable business development in new Covid-19 Era

Indarto Indarto, Rohmini Indah Lestari, Djoko. Santoso & Chatarina Yekti Prawihatmi

To cite this article: Indarto Indarto, Rohmini Indah Lestari, Djoko. Santoso & Chatarina Yekti Prawihatmi (2023) Social entrepreneurship and CSR best practice: The drivers to sustainable business development in new Covid-19 Era, Cogent Business & Management, 10:2, 2235086, DOI: [10.1080/23311975.2023.2235086](https://doi.org/10.1080/23311975.2023.2235086)

To link to this article: <https://doi.org/10.1080/23311975.2023.2235086>



© 2023 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group.



Published online: 25 Jul 2023.



Submit your article to this journal [↗](#)



Article views: 1833



View related articles [↗](#)



View Crossmark data [↗](#)



Citing articles: 1 View citing articles [↗](#)



Received: 29 September 2021
Accepted: 04 July 2023

*Corresponding author: Indarto
Indarto, Master in Management,
Postgraduate Program, Universitas
Semarang, Pascasarjana Building,
Jalan Soekarno Hatta Tlogosari,
Semarang 50196, Indonesia
E-mail: indarto@usm.ac.id

Reviewing editor:
Pablo Ruiz, Universidad de Castilla-
La Mancha, Spain

Additional information is available at
the end of the article

MANAGEMENT | RESEARCH ARTICLE

Social entrepreneurship and CSR best practice: The drivers to sustainable business development in new Covid-19 Era

Indarto Indarto^{1*}, Rohmini Indah Lestari¹, Djoko. Santoso¹ and Chatarina Yekti Prawihatmi²

Abstract: Social Entrepreneurship (SE) practice has become one of the solutions to the economic and social problems of the community during the COVID-19 pandemic. This study examines the role of Corporate Social Responsibility (CSR) Best Practice, which acts as a mediator in the influence of SE toward Sustainable Business Development (SBD). This study applied a quantitative approach with a cross-sectional survey. The samples are actors in Micro Small Enterprises (MSEs) applying SE principles in Semarang, Central Java province, Indonesia, with 142 people obtained by purposive sampling. The structural equation model was used to test the relationship between variables. The results of the analysis prove that SE has a significant effect on the implementation of CSR Best Practice and SBD. The application of CSR Best Practice for employees and consumers can mediate the influence of SE toward SBD. In contrast, CSR Best Practice for Society and the Environment cannot act as mediators. Implementing the CSR Best Practice and SE strategies can encourage and develop added value and strengthen MSEs to achieve a sustainable business. The study results recommend that SE through CSR Best Practices is urgently necessary to solve economic and social problems in the community after the COVID-19 pandemic.

Subjects: Environment & Business; Sustainable Development; Corporate Social Responsibility;

Keywords: corporate social responsibility; entrepreneurship; sustainable business; Micro Small Enterprises; best practice

1. Introduction

The impact of the COVID-19 virus pandemic at the beginning of 2020 is increasingly worse. The rising number of infected cases and deaths has caused a threat to the global economic crisis along with the uncertainty of recovery efforts (Barua, 2020). This health crisis affects the economic condition as well as the social environment. One of the impacts is an increase in unemployment, poverty, and income inequality (Ilieva-Koleva & Dobrev, 2015). The main factors influencing the most social problems due to the COVID-19 pandemic are the reduction of labor and restrictions on social and cultural activities outdoors and outside their houses (Prasetyo & Kistanti, 2020). Micro and Small Enterprises (MSEs) are the most affected business sectors, particularly in developing countries. MSEs are the most vulnerable sector since they have limited resources, mainly capital

resources (Gregurec et al., 2021). Their income is only obtained from daily routines and a limited number of consumers. MSEs play an essential role in economic sustainability, which impacts the environment, protection, and social responsibility (Bai et al., 2021; Shafi et al., 2020).

An entrepreneur who has an innovative spirit, never gives up, and owns a strong determination as well as dares to take risks will find ways to survive in crisis times (Huybrechts & Nicholls, 2012). The global crisis due to the Pandemic COVID-19 is not considered as an obstacle; instead, it opens the opportunities for the entrepreneurs to create innovation to make their income (Weaver, 2020). The role of social entrepreneurship (SE) to keep contributing to the environment and society is a relevant topic to study in times of crisis due to the current COVID-19 pandemic. Several studies on SE have been able to initiate the entrepreneurial spirit as a catalyst to create and to grow new entrepreneurs during the COVID-19 pandemic such as in Indiana USA (Bacq et al., 2020) and in Australia (Maritz et al., 2020). However, support from the government is still highly needed in SE in South Korea, mainly for the tax relief and labor costs (Shin, 2018). Meanwhile, entrepreneurship in Spain is a socio-economic activity that can provide solutions for the society to rise from the crisis (Ratten, 2020).

Social entrepreneurship is an essential tool to solve the problems that occur as the impact of this Pandemic (Weaver, 2020). In Indonesia, it is proven by the increasing number of MSEs actors during the COVID-19 pandemic. Based on data from the Indonesian Central Bureau of Statistics in August 2020, this social entrepreneurship program was able to suppress the decline in the workforce. The addition of 760 thousand people who opened a business significantly affected the increase in the number of informal workers by 4.55 million. SE is a business activity that is not only profit-oriented but can also benefit the community. In addition, SE aims to create social values through collaboration among people or civil society organizations by creating opportunities and developing innovations for the improvement of economic activity in various life aspects of the community and the environment (Hulgard, 2010; Tan et al., 2005; Urmanaviciene & Arachchi, 2020). There are four dimensions of SE: social mission, social innovation, social networking, and financial returns (Javed et al., 2019). Moreover, SE includes five things, i.e., the existence of social movements, social networks, culture, identity and image, and cognition (Dacin et al., 2011). Social entrepreneurship can be an innovative solution to solve social and environmental problems environment, especially during the global crisis caused by COVID-19 (Ruiz-Rosa et al., 2020).

Sustainable Business Development (SBD) can be defined as the ability of a company to meet its needs and stakeholders. BSD includes social sustainability; environmental sustainability; and economic sustainability in the future (Javed et al., 2019). Social sustainability is concerned with the welfare of society and business ethics, which form a good workplace for employees. Environmental sustainability refers to protecting the related natural environment from which the company gets its inputs and sends its outputs. Moreover, economic sustainability refers to obtaining internal financial stability, including managing capital, tangible and intangible assets, and business profitability (İyigün, 2015). In a microscopic scope, Sustainable Business Development is considered a new management paradigm that does not only prioritize the growth and profitability of the company, but at the same time, the company also runs non-profit activities for social purposes. This is related to sustainability issues, such as environment and planet earth protection, ecological integrity, social justice and equality, and social and community development (Tien et al., 2020).

CSR is a business management concept that ethically earns profits. Such ethical methods must be socially and environmentally responsible for achieving business sustainability and stakeholders' satisfaction (Lee-Wong & More, 2016; Miragaia et al., 2017). There are still some different sights regarding the implementation of CSR in the company. The long-term CSR strategy and strong commitment to sustainable business development contributed to overcoming the crisis during the COVID-19 pandemic (Mattera et al., 2021). Meanwhile, several studies resulted in positive, negative and neutral effects of CSR on the company's financial performance (Ben Lahouel et al., 2019; Pham & Tran, 2020). Negative opinion stating that CSR is just a waste of time and will ultimately fail the

business essentially suggests that businesses should focus solely on maximizing profits and carrying out social responsibility only within the limit of government regulation. The selection and implementation of the right CSR strategy is important to achieve added value by creating and strengthening a sustainable business (Ganescu, 2012).

Based on the literature review, several studies regarding the relationship between the effect of SE and BSD are still in the form of perspective (Stratan, 2017), mapping on several previous literature studies (Anand et al., 2021; Bai et al., 2021; Sengupta & Sahay, 2017), application to large companies such as Uber (Scheepers & Bogie, 2020) and Hextol Foundation (Pattinson, 2020), application in such developed countries as Australia (Maritz et al., 2020), United States of America (Bacq et al., 2020), South Korea (Shin, 2018), Portugal (Carvalho, 2017), Europe (Mattera et al., 2021) and in Asia Pacific (Sengupta & Sahay, 2017). Moreover, there are also some studies on Social Entrepreneurship and Sustainable Business Development using qualitative method (Ebrashi, 2013) and using data of Small and Medium-sized Enterprises (SMEs) (Gregurec et al., 2021; Tien et al., 2020).

We present the novelty of CSR best practice variable in the study of the correlation between Social Entrepreneurship and Sustainable Business Development which is associated with CSR for MSEs-level companies in Indonesia. Best practice in CSR and MSEs sample data in Indonesia have different characteristics compared to those in other developing countries which are influenced by the level of development, entrepreneurial awareness and ability, socio-cultural context, legal and institutional arrangements, etc. Until the writing of this paper, we believe this study is so far the first to examine the causal relationship between Social Entrepreneurship and Sustainable Business Development which is driven by CSR best practices in the context of MSEs in Indonesia. We hope that CSR best practices can contribute to business sustainable development. CSR best practices are able to be the solution for overcoming the problem of the increasing number of unemployment, poverty and income inequality due to COVID-19 crisis, particularly in MSEs sector in Indonesia.

This study is structured in the following order: introduction, literature review which presents relevant studies for the development of the proposed hypothesis. The third section describes the research methodology and the results of data analysis. The last section discusses theoretical contributions and managerial implications followed by limitations and guidance for future studies.

2. Literature review and hypotheses development

2.1. Stakeholder theory

Stakeholder theory suggests a paradigm shift from the responsibility of business to shareholders (those who have a financial interest in the company's performance) to that of all stakeholders (Freeman, 1984). Identifying relevant stakeholders focuses on the relationships of individuals and groups with the company consisting of customers, suppliers, employees, shareholders, and government (Clarkson, 1995). Stakeholders can be defined as those who can affect or be affected by achieving organizational goals. Therefore, companies must generate their values for third parties in the medium or long term (Mitchell et al., 1997). Another essential construct is how companies prioritize the stakeholders' claims commonly studied, i.e., the salience construct and its attributes of power, legitimacy, and urgency, on stakeholder approaches, namely normative, instrumental, and descriptive (Donaldson & Preston, 1995). A good company follows global trends. Moreover, the current trend is that companies with business models are committed to increasing profits and are socially responsible. Companies increase the role of CSR much more as a mechanism to protect employees, to continue customer service, and for society (Mahmud et al., 2021). Companies must play their role in protecting the interests of society, the environment, and the welfare of the stakeholders (Duca & Gherghina, 2019). Business sustainability includes five dimensions, i.e., management commitment, commitment to stakeholders, commitment in the workplace, implementation, and operational monitoring (Maas & Reniers, 2014).

2.2. Social entrepreneurship and CSR best practices

A managerial approach which integrates environmental and social practices in business, CSR occupies a prominent place in companies in a socially conscious market environment (Williamson et al., 2006). Contingency theory suggests that the impact of a company's CSR implementation on performance depends on conformity or compatibility with the external environment, including the main or key suppliers (Venkatraman & Camillus, 1984). The existence of SE supports the social mission, so that the company can be considered to have supported the CSR process (Mitra & Borza, 2010). The empowerment of SE through the influence of CSR will benefit both companies to achieve their organizational goals and social entrepreneurs to result in a positive social impact. SE empowerment has a positive effect on CSR (Urmanaviciene & Arachchi, 2020). Social entrepreneurship can be modeled in business methods using sustainable economic principles. The purpose of applying economic principles is to develop a social and environmental vision. The companies' value is linked to strategy; sustainable finance perspective by increasing financial resources and cost management; stakeholders' perspectives such as to customers, users, employees, beneficiary communities; internal process perspective required for the measurement of environmental and societal impact (Ebrashi, 2013; Sardana et al., 2020; Stratan, 2017; Vallaster et al., 2019).

H1. Social Entrepreneurship significantly affects CSR Best Practice to employee

H2. Social Entrepreneurship significantly affects CSR Best Practice to customer

H3. Social Entrepreneurship significantly affects CSR Best Practice to environment

H4. Social Entrepreneurship significantly affects CSR Best Practice to society

2.3. Social entrepreneurship and sustainable business development

Several studies have been conducted to prove that SE is a viable solution to increase the strategic impact of Sustainable Business Development (Tien et al., 2020). SE which implements business model thought aims at creating Sustainable Business Development (Pattinson, 2020). Every entrepreneur wants his/her business to continue and develop in the long term so that he/she can continue to prove his/her social impact sustainably (Doherty et al., 2014). To create sustainable business development, social entrepreneurs must be able to handle all relevant interactions between sociocultural, environmental, and economic dimensions. The mission of social entrepreneurship is to create social as well as economic value (Shin, 2018).

H5. Social Entrepreneurship positively affects Sustainable Business Development

2.4. CSR best practice to employee and sustainable business development

Organizational sustainability can be achieved by implementing best practice in CSR practices to its stakeholders. Companies can incorporate and address ecological issues in their products and processes to achieve a sustainable competitive advantage (Ganescu, 2012; Kudlak & Low, 2015; Magbool et al., 2016). There are five features inherent in business sustainability, they are management's knowledge & commitment, stakeholders' knowledge & commitment, strategic planning, knowledge & commitment at work and implementation & operational monitoring (Maas & Reniers, 2014). There is a gap between the results of studies conducted by academics and the implementation of human resources field on the application of sustainable business. The findings of the literature study results in the fact that employees' attractiveness and retention have an effect on sustainability and organizational performance (Podgorodnichenko et al., 2021). Accordingly, this study is intended to find out the empirical evidence of the research literature stating that best practice in CSR to employee has an effect on business sustainability.

H6. CSR Best Practice to employee affects Sustainable Business Development

Empirical evidence using a sample of restaurants states that CSR related to customer retention such as service quality and satisfaction has an impact on industry sustainability (Lee et al., 2020). Meanwhile, the practice of CSR to customers on the performance of business sustainability must be moderated by the ability of the company. Thus, CSR is proven to be able to increase social value and economic value (Sardana et al., 2020). CSR towards customers will focus on the advantages and uniqueness of the company's products rather than to competing products so that it has a stronger impact on long-term performance (Martínez & Rodríguez Del Bosque, 2013).

H7. CSR Best Practice to customer affects Sustainable Business Development

A study conducted in Africa shows that there is a positive and significant effect of CSR on company's stability. However, environmental performance shows a negative and significant impact on company's stability. Meanwhile, the results of social dimension test do not show a causal relationship and company stability (Saidane & Abdallah, 2021). Business actors must be socially responsible for improving the welfare of the community and the environment as well (Farid et al., 2019; Mahmud et al., 2021).

H8. CSR Best Practice to environment significantly affects Sustainable Business Development

H9. CSR Best Practice to society affects Sustainable Business Development

The business objective is not only obtaining economic benefits for stakeholders. Employees are one of the stakeholders, not just tools to achieve the company's goals. The role of employees should not be overlooked by the company. The achievement of the company's sustainability goals should also promote employee satisfaction and well-being (Ruiz-Palomino et al., 2021). Businesses also have a social responsibility towards society and the environment through CSR. CSR activities will create a positive image for the company. CSR strengthens employee, consumer, and stakeholder relationships (Kim et al., 2023). Implement a fair and inclusive work policy that includes providing reasonable wages, reasonable working hours, and encouraging a balance between personal life and work to impact employees (AlSuwaidi et al., 2021). The policy of providing employees with skills development opportunities will create a more skilled and competitive workforce, which will ultimately contribute to long-term business sustainability. When employers involve employees in positive social activities, it will strengthen the bond between employees and the company, thereby increasing the sense of belonging and affecting the company's long-term goals (Farid et al., 2019).

H10. CSR Best Practices for employees play a role as a mediator of the influence of Social Entrepreneurship on Sustainable Business Development

Social entrepreneurs, through CSR, establish communication with customers with a focus on developing environmentally friendly products and providing customer satisfaction (Lee et al., 2020). Corporate CSR best practices can create stronger customer relationships and build sustainable loyalty (Miragaia et al., 2017). Through smart and educational marketing campaigns, companies can inform customers about the impact of their products on society and the environment in a more sustainable manner.

H11. CSR Best Practice to customers acts as a mediator for the influence of Social Entrepreneurship on Sustainable Business Development

Environmental awareness has increased in recent years. This will influence the goals of sustainable business development (Alcalde Calonge, Sáez-Martínez, et al., 2022). Companies can adopt business practices that hurt the environment, such as good waste management, using environmentally friendly raw materials, and maintaining healthy ecosystems. By implementing sustainable business practices, companies can become examples of social entrepreneurs and promote sustainable business development. Through CSR, it provides an understanding of protecting the environment among employees, customers, and the wider community so that it can support sustainable business practices (Prasad et al., 2019). Social dimensions such as social norms, values, beliefs, and attitudes towards sustainability, environmental responsibility, and circular economic principles have a strengthening effect on the relationship between entrepreneurial orientation and sustainable business development (Alcalde Calonge, Ruiz-Palomino, et al., 2022).

H12. CSR Best Practice to the environment plays a role as a mediator of the influence of Social Entrepreneurship on Sustainable Business Development

CSR practices by entrepreneurs can help strengthen community empowerment in a social and economic context (Tien et al., 2020) through training programs, skills development, and providing access by using resources from around the company to support positive and sustainable change. Social entrepreneurs create jobs for the surrounding community. Through CSR, entrepreneurs can prioritize overcoming social problems relevant to the surrounding community (Prasetyo & Kistanti, 2020). Thus, entrepreneurs can make a significant contribution to sustainable business development.

H13. CSR Best Practice towards society plays a role as a mediator of the influence of Social Entrepreneurship on Sustainable Business Development

2.5. Conceptual model

Figure 1 illustrates the research conceptual model. The model was developed based on a literature review and hypotheses formulated based on stakeholder theory. The model proposes a framework of thinking that Social Entrepreneurship and CSR Best Practices encourage Sustainable Business Development, indicated by the notation H1 - H9. In addition, the model shows that CSR Best Practice mediates the relationship between Social Entrepreneurship and Sustainable Business Development, indicated by the notation H10 - H13.

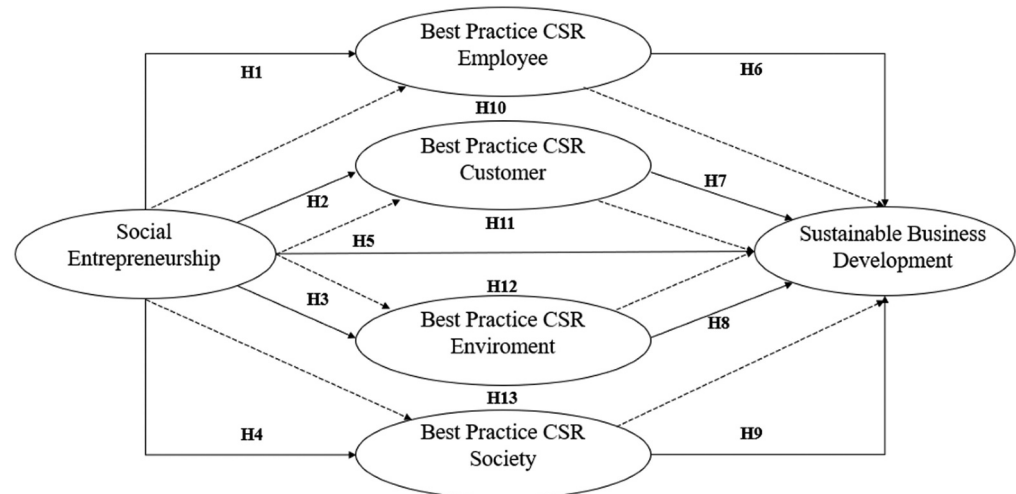
In this study, an indirect effect test will be carried out on the role of CSR best practice as a mediating variable, as in research (Kim et al., 2023). The purpose of this mediation test is to prove the conceptual model empirically by testing the validity and suitability of the conceptual model. Furthermore, it can provide helpful practical implications in the context of application or intervention. When the mediating variable is proven to be significant, it can be concluded that it can produce changes in the sustainable business development variable.

3. Research methodology

3.1. Study areas and research design

This study was conducted in Indonesia, precisely in Semarang City, Central Java Province. This location was selected because of the many MSEs carrying out social entrepreneur activities. Semarang City was chosen as the research location because local economic development in Semarang City has been carried out by applying thematic village development policies such as batik village, traditional snack village, aquaponic village, and others. The development of thematic villages uses social entrepreneurship development strategies. Developing the local economy through Social Entrepreneurship is the right strategy for cities with strong cultural roots in which local potential must be developed by considering the community's social conditions. This study

Figure 1. Model of empirical research.



applied a quantitative approach with a cross-sectional survey, which analyzed variable data collected at a specific time.

3.2. Sampling and data collection

The population of this study was 275 MSEs who have carried out social entrepreneurship during the crisis due to the COVID-19 pandemic. The data were obtained from the Indonesian Sociopreneur Portal based in Semarang. The sample selection used a purposive sampling method with the following criteria: have implemented the SE for at least one year and employ at least five people as the company workforce. Based on these criteria, 155 social entrepreneurs were obtained as respondents. Meanwhile, the data which were qualified to be analyzed were 142 social entrepreneurs. The data was collected for six months, from July 2020 to January 2021. The data used consist of primary data, i.e., the data obtained directly from business owners or actors using a structured questionnaire.

3.3. Measurements of study variables

The independent variable of this study is a social entrepreneurship with indicators: the business has social value, the business involves civil society, the business is a social innovation, and the business carries out economic activity (Carvalho, 2017; Comini et al., 2012; Sengupta & Sahay, 2017). The dependent variable is sustainable business development with indicators: the turnover increases, the marketing expands, the number of workers increases, the business scale grows, and its positive impact on the community is broader (Farid et al., 2019; McLaughlin, 2019). CSR Best Practice is the intervening variable in this study which consists of CSR best practice to employees: providing proper compensation to employees concerning employee welfare, which includes working conditions, working hours, employees' health, not discriminating among employees based on ethnicity and religion and so on, providing motivation to employees, building good communication with employees and their families (Farid et al., 2019; Magbool et al., 2016; Podgorodnichenko et al., 2021). CSR Best Practices to customers: Providing guarantee that the products produced are safe and have good quality for consumers, including the information in the products regarding how to use or how to consume the product, providing complaint services for consumers, competing fairly with other companies, determining reasonable prices, having business legality and product certificates, having good knowledge about the consumers' desires and needs (Lee et al., 2020; Miragaia et al., 2017). Best practices of CSR for the environment: using environmentally friendly packaging, managing waste by regarding environmental safety and health, applying a production process that does not pollute the surrounding natural environment, using environmentally friendly raw materials, and maintaining the orderliness and cleanliness of the surrounding environment (Mattera et al., 2021; Prasad et al., 2019). Best practice of CSR to society: employing workforce from the surrounding community, continuously contributing to the activities of the surrounding community,

utilizing resources/raw materials from the surrounding environment, being involved in solving the problems in the local environment, and improving the welfare of the surrounding community (Lee-Wong & More, 2016; Pedersen, 2010). Table 1. presents a summary of the measurement indicators for each variable.

The analysis of this study was initially conducted with testing the instrument and testing the model. The second stage of the research was to test the hypothesis of a direct effect between social entrepreneurship variable and CSR best practice variable on business sustainable development variable. Furthermore, the last stage of the analysis is to test the hypothesis of the mediation of CSR best practice variable on the correlation and/or relationship of the effect of Social Entrepreneurship to Sustainable Business Development. The measurement scale used was a 7-point Likert scale: using a score of 1 as a mark of assessment or the respondent's perception that "strongly disagrees" with the statement and a score of 7 as a sign of the respondent's assessment or perception if the statement is very true or "strongly agree" (Lee et al., 2020; Shin, 2018).

3.4. Data analysis

The data analysis used a structural equation model with a Partial least squares approach (SEM-PLS). SEM-PLS is used to analyze the relationships between variables and test theoretical models. One advantage of SEM-PLS is its ability to handle non-normal data distributions (Monecke & Leisch, 2012). SEM-PLS can be used with small samples and complex models. The distributional assumptions in SEM-PLS are relatively more flexible (not necessarily requiring data normality) compared to other methods like Covariance-based SEM (CB-SEM) (Hair et al., 2011). Indicators are usually used to measure latent variables when conducting research aimed at testing theories using structural equation modeling. Reflective indicators are considered to measure latent variables that cannot be directly measured, assuming that all reflective indicators share a common cause and thus exhibit high correlations (MacKenzie et al., 2005). Model evaluation in SEM-PLS involves two stages: measurement model evaluation and structural model evaluation. The measurement model evaluation is conducted to assess the reliability and validity of the indicators that form the latent variables. Meanwhile, the structural model evaluation is used to predict the relationships between latent variables by examining p-values (Hair et al., 2014). This study aims to test the causal relationships between the SE and CSR Best Practice variables on SBD.

4. Results and discussion

4.1. Descriptive statistics

The research respondents were social entrepreneurs in Semarang city, i.e., 142 MSEs business actors, comprising 64.28% women and 35.71% men. Based on the level of education, the composition of social entrepreneur's actors is 7.14% post-graduate, 28.57% graduate, and 64.54% diploma. In addition, based on the time length of business, 37.03% have run their business for more than five years, while the remaining 62.97% have conducted the business in less than five years.

Table 2. presents descriptive statistics of respondents' responses to the research variables. The average Social Entrepreneurship (SE) score is 5.961, with a standard deviation of 0.812, illustrating that the average respondent agrees that their MSEs have implemented social innovations and carried out economic and social activities. Most respondents agreed that their MSEs had implemented CSR Best Practices for employees, with an average value of 5.818 with a 0.861 standard deviation. Therefore, it can be concluded that they agreed that the MSEs had provided proper compensation, good motivation, and communication to employees. The average CSR Best Practice to customer value is 5.397 with a 0.978 standard deviation. Respondents agreed that MSEs have provided product information, set reasonable prices, held product legality and certification, and known consumers' wants and needs. The average value of implementing CSR Best Practices to society is 5.116 with a standard deviation of 0.899; this value shows that the respondents agreed that MSEs had employed local labor and raw materials, had contributed to activities, and had

increased the welfare of the surrounding community. Meanwhile, the Best Practice of CSR for the environment shows an average value of 5.334 with a 0.952 standard deviation. This result means that MSEs have carried out a production process using environmentally friendly raw materials and have conducted waste management or treatment. Furthermore, the Sustainable Business Development (SBD) variable, with an average value of 5.930 and a standard deviation of 0.771, means that respondents agree that their MSEs are experiencing Sustainable Business Development as indicated by the increased turnover and market expansion.

4.2. Validity and reliability result

This study uses quantitative analysis to investigate the effect of SE on sustainable business development with best practices in CSR as a mediation variable. Measurement of CSR best practice in this research is assigned by best practice in CSR to employees, customers, society, and the environment. Furthermore, the results of reliability and validity of the structural model with PLS are presented from the Outer Loading (OL) value, Composite Reliability (CR), and the Average Variance Extract (AVE) value. The criteria for measuring the CR value is more significant than 0.7, and the AVE value must be more than 0.5, or all OL dimensions of the variable have a loading value above 0.7 (Hair et al., 2014).

To obtain a model that meets the criteria of convergent validity and composite reliability, several indicators were removed. The indicators removed from the Social Entrepreneurship variable are “the business has social value” (X11) and “the business involves civil society” (X12). The indicators “Concerning the employee welfare which includes working conditions” (Y12) and “Not discriminating among employees on the basis of ethnicity and religion and so on” (Y13) were removed from the CSR Best practice to employees variable. Additionally, the indicators “Providing guarantee that the products produced are safe and have good quality for consumers” (Y21), “Providing complaint services for consumers” (Y23), and “Competing fairly with other companies” (Y24) were eliminated from the CSR Best practice to customer variable. The CSR Best practice to customer variable also eliminated the indicator “Employing workforce from the surrounding community” (Y41) and “Improving the welfare of the surrounding community” (Y45). The Sustainable Business Development dependent variable removed the indicators “The number of workers increases” (Y53), “The business scale grows bigger” (Y54), and “Its positive impact on the community is wider” (Y55). All indicators that were eliminated had an outer loading value below 0.7, while all indicators in the CSR Best practice to environment variable had values above 0.7 and were thus retained.

Table 3 presents the results of the reliability test using the Outer Loading (OL) value and Composite Reliability (CR) value and the validity test using the Average Variance Extract (AVE) value. The results show that all variables have a composite reliability value above 0.7 and a p-value below 0.05. Accordingly, all variable indicators are reliable. The analysis results of the AVE value show that each variable has a value above 0.5, meaning that all variables and indicators used are valid. The outer loading value above 0.7, shown in Table 3, is the value after the model has been improved by removing indicators with a loading factor value of less than 0.7.

Discriminant validity tests how far the latent construct differs from other constructs. A high value of discriminant validity indicates that a construct is unique and capable of explaining the phenomenon being measured. This method uses the Heterotrait-Monotriate Ratio of Correlations (HTMT), namely the multitrait-multimethod matrix, as the basis for measurement. The HTMT value must be less than 0.9 to ensure discriminant validity between the two reflective constructs (Hair et al., 2014). Table 4 presents the results of the HTMT validity discriminant test showing a value of < 0.9, so it can be stated that all constructs are valid.

4.3. The coefficient determination test result

Table 5 presents the results of the following analysis, namely the results of the coefficient determination test to measure how well the model matches the observation data. The R-Square value indicates

Table 1. Measurement of variables

Measurement of variables	References
Social Entrepreneurship:	
(1) The business has social value (X11) (2) The business involves civil society (X12) (3) The business is a social innovation (X13) (4) The business carries out economic activity (X14)	Carvalho (2017), Comini et al., (2012), Sengupta and Sahay (2017)
CSR Best Practice to employees:	
(1) Providing proper compensation to employees (Y11) (2) Concerning the employee welfare which includes working conditions (Y12) (3) Not discriminating among employees on the basis of ethnicity and religion and so on (Y13) (4) Providing motivation to employees (Y14) (5) Building good communication with employees and their families (Y15)	Farid et al. (2019), Magbool et al. (2016), Podgorodnichenko et al. (2021)
CSR Best Practices to customers:	
(1) Providing guarantee that the products produced are safe and have good quality for consumers (Y21) (2) The information of the products regarding how to use or how to consume the product (Y22) (3) Providing complaint services for consumers (Y23) (4) Competing fairly with other companies (Y24) (5) Determining reasonable prices (Y25) (6) Having business legality and product certificates (Y26) (7) Having good knowledge about the consumers' desires and needs (Y27)	Lee et al., (2020), Miragaia et al., (2017)
CSR Best practice to the environment:	
(1) Using environmentally friendly packaging (Y31) (2) Managing waste by regarding to environmental safety and health (Y32) (3) Applying the production process which does not pollute the surrounding natural environment (Y33) (4) Using environmentally friendly raw materials (Y34) (5) Maintaining the orderliness and cleanliness of the surrounding environment (Y35)	Mattera et al., (2021), Prasad et al., (2019)
CSR Best practice to society:	
(1) Employing workforce from the surrounding community (Y41) (2) Always contributing to the activities of the surrounding community (Y42) (3) Utilizing resources/raw materials from the surrounding environment (Y43) (4) Being involved in solving the problems in the local environment (Y44) (5) Improving the welfare of the surrounding community (Y45)	Lee-Wong & More (2016), Pedersen (2010), Prasetyo and Kistanti (2020)

(Continued)

Measurement of variables	References
Sustainable Business Development:	
(1) The turnover increases (Y51) (2) The marketing expands (Y52) (3) The number of workers increases (Y53) (4) The business scale grows bigger (Y54) (5) Its positive impact on the community is wider (Y55)	Farid et al. (2019), McLaughlin (2019)

Table 2. Descriptive statistic

	N	Min	Max	Mean	St. Dev
SE	142	4.000	7.000	5.961	0.812
Best Practice CSR to employee	142	4.000	7.000	5.818	0.861
Best Practice CSR to customer	142	4.000	7.000	5.397	0.978
Best Practice CSR to society	142	3.000	7.000	5.116	0.899
Best Practice CSR to environment	142	4.000	7.000	5.334	0.952
SBD	142	4.000	7.000	5.930	0.771

Source(s): SmartPLS 3.29.

how much variation in the SBD variable can be explained by the SE variable, best practice to employees, customers, environment, and society. The value of adjusted R-Square for the Sustainable Business Development variable is 0.429, which indicates that the Sustainable Business Development variable can be explained by variations in Social Entrepreneurship variables and CSR best practices to employees, consumers, communities and the environment by 42.9%. These results reaffirm that Social Entrepreneurship has a significant role in establishing business sustainability.

4.4. Testing of hypothesis and discussion

4.4.1. Direct effect test

The next stage tests the direct effect of Social Entrepreneurship (SE) and CSR best practice on Business Sustainable Development (SBD). Testing the relationship between variables and the hypothesis is done by comparing the t-count value with the t-statistical value or by looking at the probability value (p-value) compared to the 5% error rate or alpha presented in Table 6.

The test results show that social entrepreneurship has a direct effect on the four best practices of CSR for employees, customers, environment, society, and business practices of sustainable business development significantly. Best CSR practices for employees and customers significantly positively affect sustainable business development. In the direct effect test, it was found that two hypotheses were rejected, i.e., hypotheses 8 and 9. The p-value higher than 0.05 for the Best Practice of CSR to environment 0.845 and society 0.834 indicates that the effect of CSR Best Practice on the environment and society on sustainable business development is not significant.

Table 3. Validity and reliability results

Variables	CODE	OL	CR	AVE
Social Entrepreneurship			0.905	0.827
Business is a social innovation	X13	0.906		
Business carries out economic and social activities	X14	0.913		
CSR Best practice to employees			0.892	0.734
Proper compensation	Y11	0.870		
Motivating	Y14	0.806		
Communication	Y15	0.891		
CSR Best practice to consumers			0.936	0.786
Product information	Y22	0.911		
Fair pricing	Y25	0.916		
Product Legality and Certification	Y26	0.909		
Knowing the desire and needs of consumers	Y27	0.804		
CSR Best practice to environment			0.956	0.812
Using environmentally friendly packaging	Y31	0.852		
Managing waste by regarding to environmental safety and health	Y32	0.908		
Applying the production process which does not pollute the surrounding natural environment	Y33	0.941		
Using environmentally friendly raw materials	Y34	0.886		
Maintaining the orderliness and cleanliness of the surrounding environment	Y35	0.915		
CSR Best practice to society			0.915	0.782
Always contributing to the activities of the surrounding community	Y42	0.884		
Utilizing resources/ raw materials from the surrounding environment,	Y43	0.919		

(Continued)

Variables	CODE	OL	CR	AVE
Being involved in solving the problems in the local environment	Y44	0.849		
Sustainable Business Development			0.867	0.765
Increased turnover	Y51	0.865		
Increased marketing	Y52	0.884		

Source(s): SmartPLS 3.29.

Table 4. Heterotrait-monotrait ratio (HTMT) results

	Best practice CSR to Customer	Best practice CSR to Employee	Best practice CSR to Environment	Best practice CSR to Society	SE
Best practice CSR to Customer					
Best practice CSR to Employee	0.469				
Best practice CSR to Environment	0.575	0.273			
Best practice CSR to Society	0.544	0.631	0.481		
SE	0.597	0.811	0.434	0.664	
SBD	0.732	0.666	0.400	0.541	0.740

Sumber: SmartPLS 3.29.

Table 5. Coefficient determination test results using R-square

	R-square	Adjusted R-square
Best practice CSR to Customer	0.265	0.259
Best practice CSR to Employee	0.453	0.449
Best practice CSR to Environment	0.146	0.140
Best practice CSR to Society	0.308	0.303
SBD	0.449	0.429

Sumber: SmartPLS 3.29.

The statistical test results found that social entrepreneurship positively and significantly affects best practices in CSR for employees. These results follow various literature stating that SE has a mission as an agent of change. Social entrepreneurship aims to improve employees' welfare as one of the companies efforts to empower the community (AlSuwaidi et al., 2021; Mitra & Borza, 2010). Based on the mission of social entrepreneurs, there is a tendency for social entrepreneurs to implement CSR best practices for employees. Social entrepreneurship actors are entirely aware that employees are in Employees, as one of the stakeholders in the company, can act as the legitimacy, urgency, and power. Moreover, the company has a responsibility to treat the employees

Table 6. Path analysis of direct effect

	Hypothesis	Original sample	Mean sample	Standard Deviation	t-Statistics	p-value	Hypothesis results
H1	SE → CSR Best Practice to employees	0.673	0.676	0.048	14.088	0.000	Accepted
H2	SE → CSR Best Practice to customers	0.515	0.516	0.063	8.172	0.000	Accepted
H3	SE → CSR Best Practice to environment	0.382	0.385	0.058	6.540	0.000	Accepted
H4	SE → CSR Best Practice to society	0.555	0.559	0.045	12.243	0.000	Accepted
H5	SE → SBD	0.206	0.201	0.092	2.248	0.025	Accepted
H6	CSR Best Practice to employees → SBD	0.206	0.214	0.097	2.124	0.034	Accepted
H7	CSR Best Practice to customers → SBD	0.389	0.388	0.072	5.383	0.000	Accepted
H8	CSR Best Practice to environment → SBD	0.015	0.012	0.075	0.195	0.845	Rejected
H9	CSR Best Practice to society → SBD	0.018	0.014	0.088	0.209	0.834	Rejected

Source(s): SmartPLS 3.

fairly. CSR to employees is related to organizational commitment, job satisfaction, turnover intention, and employee involvement. Internal stakeholders who are immensely important for the sustainability of the business and are more important than financial capital (Stratan, 2017). Social entrepreneurship will consciously implement CSR best practices for employees, i.e., a commitment to arranging comfortable working conditions, proper and non-discriminatory treatment, and improving employees' development (Podgorodnichenko et al., 2021). Employees as one of the stakeholders in the company can act as the legitimacy, urgency and power. Moreover, the company has a responsibility to treat the employees fairly. CSR to employees is related to organizational commitment, job satisfaction, turnover intention and employee involvement (Farid et al., 2019).

Social entrepreneurship affects best practices in CSR to customers. Business actors with a social mission realize that they must create a CSR best practice for customers related to the comfort consumers perceive. Business actors must actualize customer value from the production process until the product is received by the consumer (Maritz et al., 2020). MSEs must create conditions so that the consumers feel that the sacrifice given follows the benefits obtained and that they become satisfied with the goods/services they have purchased. Good CSR to customers is when the CSR can build good communication with consumers so that the consumers have trust and bonds as well as loyalty to the company. The impact of such CSR on consumers will emphasize the advantages and uniqueness of the companies' products compared to competing products. Social entrepreneurship encourages more robust CSR toward consumers with long-term impacts (Martínez & Rodríguez Del Bosque, 2013).

Social Entrepreneurship affects CSR's Best practices for the environment. In SE, the company not only pursues returns and maximizes its profits, but it also aims to protect the environment and contribute socially (Huybrechts & Nicholls, 2012). Social entrepreneurship is committed to integrating corporate social responsibility into the company's operational activities. Social entrepreneurs are more than ordinary entrepreneurs. They carry out corporate social responsibility to the environment as a corporate strategy which in turn becomes an important driver of social

development (Maritz et al., 2020). Social entrepreneurship seeks to contribute to solving environmental problems such as pollution, forest degradation, and waste problems; while maintaining economic sustainability by implementing corporate social responsibility as best as possible. CSR best practice for the environment refers to a commitment to maintaining environmental sustainability, for instance, by preventing pollution and uncleanness around the business site or by reducing such environmental problems as waste and natural damage (Vallaster et al., 2019). The stronger the social entrepreneurship means, the stronger the implementation of CSR best practices in the environment.

Social Entrepreneurship is proven to affect CSR best practices in society. Social entrepreneurs are those who can identify or see various kinds of problems existing in society. The main focus of social entrepreneurship is not only on profit orientation and customer satisfaction but also on its business. It must be able to impact society significantly (Vallaster et al., 2019). The noble goal of social entrepreneurship is the improvement of the socio-economic condition of the community.

Furthermore, social entrepreneurship brings innovations to contribute to the increasing value in the surrounding community (Stratan, 2017). The stronger one's social entrepreneurship character, the better the implementation of CSR best practices is for the community. All business actors always hope that there is continuity in their business so that the company gets support from the community; thus, it can be a solution for the community and impacts business sustainability as well (Hulgard, 2010).

Social entrepreneurship influences sustainable business development (Doherty et al., 2014). Companies with social missions have dual goals, i.e., creating social and economic values (Shin, 2018). The social mission provides a clear direction to achieve business sustainability. Moreover, social innovation supports the company in achieving its mission to create social and economic value by leveraging the sources of sustainable competitive advantage and gaining socially sustainable businesses. Social entrepreneurship is a growing hybrid action and a catalyst to recalibrate its role not merely as: sociality, innovation, and market orientation (Huybrechts & Nicholls, 2012). The factors encouraging individuals to carry out socially oriented activities are essential to sustainable entrepreneurship (Anand et al., 2021). The unique combination of the characteristics of for-profit and non-profit organizations in social entrepreneurship will create economic and social value. In addition, the commercial strategy of social entrepreneurship helps maintain business sustainability. Social entrepreneurship contributes to sustainable business development goals by solving community problems, increasing social impact, mobilizing resources, and bringing about sustainable social changes (Prasetyo & Kistanti, 2020). SE can grow well in Indonesia because it is relevant to Indonesian culture, which upholds cooperation and concern for each other. Individuals or groups who run SE can manifest empathy and solidarity with others by developing and funding non-profit organizations that integrate the companies' goals to generate profits and solve problems faced by the surrounding community. SE focuses on the impact on society (El Ebrashi, 2013). The culture of cooperation (local term: *gotong royong*) can trigger groups or individuals to develop businesses aiming to impact society and the environment positively. By leveraging the latest technology and innovation, these inspiring entrepreneurs are constantly striving to bring an impact that will improve the quality of life around them. SE positions itself as an agent of change in society.

The study proves that the best practice of CSR for employees affects sustainable business development. In addition, implementing best practices in CSR to employees is conducted by providing appropriate and timely compensation, a conducive and safe workplace, welfare to employees' families, and motivating and building good communication with the employees. The ability of social entrepreneurs to establish harmonious collaboration with employees will produce extraordinary results. On the other hand, employees who are treated humanely will be motivated to develop their best potential. Employees also become more enthusiastic about working with all their competencies. CSR Best Practices for employees have been proven to directly affect

commitment and increase employees' loyalty (Boğan & Dedeoğlu, 2022). The implementation of CSR to employees has even involved employee empowerment in the form of skills training, knowledge development, and providing incentives like bonuses or awards. CSR to employees must also provide opportunities for employees to participate in decision-making and provide a proportional workload. Best CSR practices for employees that can provide justice and welfare for employees will positively impact achieving business sustainability (Kudlak & Low, 2015).

CSR is the company's commitment to providing the best to its primary stakeholders, i.e., consumers. Consumers demand quality and safe products at affordable prices. Implementing best practices in CSR to customers can foster stakeholders' trust, especially consumers, in the company (Sardana et al., 2020). Moreover, the company's commitment to providing the best for consumers by providing good quality, safe and satisfying products is a source of consumer confidence in their products. Consumers will undoubtedly be loyal to the products produced by companies, in this case, MSEs, that implement best practices in CSR to customers. Market confidence will increase if producers can serve consumers properly, honestly, and relatively in competition. Consumers will be loyal to the products offered by the company, and suppliers and even competitors will respond excellently to build networks and cooperation. For the sustainability of the business actors, attracting the first number of customers is essential. Business actors must also provide superior service quality beyond customer satisfaction, eventually leading to repeat visits. In addition, consumer satisfaction, in turn, will increase the development of sustainable social entrepreneur businesses or business sustainability development (Hwang et al., 2020).

Best practice in CSR for the environment has also proven to be sustainable business development. CSR best practice for the environment has become proof of the social entrepreneurs' concern for the natural environment. One of the motivations of social entrepreneurs to pioneer social entrepreneurship is to care about nature preservation. Many business actors need to understand how to properly implement CSR in the environment, which affects business sustainability (Pedersen, 2010). The efforts to care for the preservation of natural resources require hard work to educate stakeholders and spend much money to prevent environmental damage. Moreover, the efforts to prevent environmental pollution by processing waste, recycling, and creating environmentally friendly packaging require high costs; thus, the costs incurred are more significant than their business profits. Implementing CSR best practices in the environment requires high costs, such as the development of waste treatment plants, innovation of environmentally friendly packaging, and the development of environmentally friendly technology, which slow business sustainability (Prasad et al., 2019).

The best practice of CSR for society is proven to be the development of sustainable business continuity. Social entrepreneurship implementing CSR best practices in the community will obtain a good response from stakeholders and gain a good reputation. However, it is difficult to determine what is included in the responsibility to the community or the society related to the results of their business activities (Pedersen, 2010). Social entrepreneurs conduct CSR best practices to the community not only as a return for the use of resources, a return for community sacrifices, and compliance with the rules but also due to their deep concern for solving the problems faced by the community (Smith, 2010). The business actors must manage their operating profits and create value in the community by providing job opportunities and minimizing negative environmental impact.

4.4.2. Indirect effect test of social entrepreneurship on business sustainable development through CSR best practice

The indirect effect test is intended to examine the role of CSR best practices to employees, customers, the environment, and society in mediating the influence of social entrepreneurship on sustainable business development. The test results show that best practices in CSR for the employees and best practices in CSR for customers evidently can mediate social entrepreneurship's effect on sustainable business development. Meanwhile, best practices in CSR for society and CSR best practices for the environment are not able to mediate the influence of social

Table 7. Results of indirect effect test

VARIABLES	Original sample	Mean sample	Standart deviation	t-Statistic	p-Value	Hypothesis results
SE → CSR Best Practice to employees → BSD	0.138	0.146	0.070	1.941	0.048	Accepted
SE → CSR Best Practice to customers → BSD	0.200	0.201	0.047	4.294	0.000	Accepted
SE → CSR Best Practice to environment → BSD	0.006	0.004	0.030	0.206	0.851	Rejected
SE → CSR Best Practice to society → BSD	0.010	0.008	0.049	0.187	0.837	Rejected

Source(s): SmartPLS 3.29.

entrepreneurship on sustainable business development. The results of the indirect effect test are presented in the following Table 7.

Implementing CSR best practices for employees is proven to mediate the influence of social entrepreneurship on sustainable business development. Employees are the most valuable social stakeholders for most business actors. In addition, MSEs tend to start businesses by recruiting families and their surrounding communities. In many cases, CSR's best practice for employees is built to contribute to business continuity. MSEs actors generally try to become socially responsible entrepreneurs so that their employees become loyal to them (McLaughlin, 2019). Employees who remain working in their companies will contribute significantly to the productive activities carried out by social entrepreneurs in creating and strengthening sustainable businesses (Ganescu, 2012).

Best practice in CSR to customers becomes the mediator of the effect of social entrepreneurship on sustainable business development. CSR best practices for customers must constantly interact with consumers as external stakeholders (Shin, 2018). Social entrepreneurship will continue creating innovation in products/services offered based on social responsibility for consumer satisfaction (Lee et al., 2020). This responsibility is accomplished by producing good quality products, including how to use or how to consume the products offered, providing services for consumers to submit complaints/criticisms, fairly setting the prices, having legal permits and certificates that guarantee the quality and safety of the products, trying to find out the customers' demands and needs.

CSR best practice for society and CSR best practice for the environment cannot mediate the influence of social entrepreneurship on business sustainable development on MSEs business actors. Government regulations and pressure from stakeholders drive the demand for CSR for the environment. On the other hand, MSEs still have to struggle to maintain their business existence. There are still differences in management perspectives in implementing CSR in the environment between concepts, regulations, and practices in the field (Prasad et al., 2019; Saidane & Abdallah, 2021). These also occur to small business actors; sustainability challenges often exceed available resources and competence. As a result, despite the motivation and understanding of the importance of sustainability for the future of companies and society, sustainable management is rarely done in actual practice (Barbosa et al., 2020). MSEs are often associated with informal and unstructured CSR disclosures because the approach of their business management tends to be traditional. MSEs are aware that ethical values and behavior are needed by stakeholders (Lee-Wong & More, 2016). The practice of CSR is considered an unprofitable and redundant activity.

5. Conclusion

The results of testing the influence model of social entrepreneurship on sustainable business development by mediating CSR best practices yield the following conclusions:

Social entrepreneurship indicates that business is carried out aiming to provide tangible benefits to the surrounding community and the environment; business involves the participation of civil society, business is carried out by utilizing local wisdom or available resources around, and the business has a balance between economic and social interests which turns out to encourage sustainable business development. Social entrepreneurship is proven capable of strengthening the implementation of corporate social responsibility towards employees, consumers, society, and the environment. CSR best practices for employees and consumers can mediate the influence of social entrepreneurship on sustainable business development. Meanwhile, CSR best practices towards society and the environment cannot mediate the influence of social entrepreneurship on sustainable business development. The results of studies on social entrepreneurship for sustainable business development through CSR Best Practices are urgently needed by the post-Covid-19 pandemic community. MSEs need to pay more attention to social entrepreneurship in running their business to contribute more to solving social problems after the COVID-19 pandemic, such as an increase in the number of unemployed, Poverty, and decreased purchasing power.

6. Implication of the study

6.1. Theoretical implication

The results of this study can contribute to stakeholder theory. By increasing the role of CSR as a mechanism to protect employees, continue customer service, and provide benefits to the community and the surrounding environment, the company has played a role in protecting stakeholders' interests. Stakeholders whose interests are properly accommodated will give feedback in the form of loyalty and support for the company's long-term existence.

6.2. Managerial implication

This study has identified several implications: Social entrepreneurship is proven to affect sustainable business development. Social orientation in business does not eliminate the possibility for business actors to realize the sustainability of their business. Business sustainability can be established by building an alignment between social orientation and business orientation. Social entrepreneurship can increase the commitment of social entrepreneurs' commitment to implementing CSR Best practices for employees and consumers; thus, the passion as a social entrepreneur needs to constantly be developed as it can encourage more responsible business practices. The implementation of CSR Best practices can encourage sustainable business development. Social entrepreneurs on the MSE scale must always maintain good relationships with their stakeholders through business practices that prioritize the interests of the stakeholders. Stakeholders whose interests are well accommodated will provide feedback in the form of loyalty and support for the existence of the companies in the long term.

7. Limitation and direction for future research

This study was only conducted in Indonesia without considering developing countries in the Asian region. The results of this study cannot be used to make generalizations because when applied to other countries, it may obtain different results. This study applied a quantitative approach, so there are many opportunities to conduct such research with a qualitative approach. In addition, it is also possible for future research to include variables besides CSR as mediators or moderating factors such as government support.

Acknowledgments

The authors would like to thank the University of Semarang for providing financial support to conduct the research activities.

Funding

The work was supported by the Universitas Semarang.

Author details

Indarto Indarto¹

E-mail: indarto@usm.ac.id

ORCID ID: <http://orcid.org/0000-0002-1057-8725>

Rohmini Indah Lestari¹

Djoko. Santoso¹

Chatarina Yekti Prawihatmi²

¹ Master in Management, Postgraduate Program, Universitas Semarang, Semarang, Indonesia.

² Management Department, Faculty of Economics and Business, Soegijapranata Catholic University, Semarang, Indonesia.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Citation information

Cite this article as: Social entrepreneurship and CSR best practice: The drivers to sustainable business development in new Covid-19 Era, Indarto Indarto, Rohmini Indah Lestari, Djoko. Santoso & Chatarina Yekti Prawihatmi, *Cogent Business & Management* (2023), 10: 2235086.

References

- Alcalde Calonge, A., Ruiz-Palomino, P., & Sáez-Martínez, F. J. (2022). The circularity of the business model and the performance of bioeconomy firms: An interactionist business-environment model. *Cogent Business & Management*, 9(1). <https://doi.org/10.1080/23311975.2022.2140745>
- Alcalde Calonge, A., Sáez-Martínez, F. J., & Ruiz-Palomino, P. (2022). Evolution of research on circular economy and related trends and topics. A thirteen-year review. *Ecological Informatics*, 70, 101716. <https://doi.org/10.1016/j.ecoinf.2022.101716>
- AlSuwaidi, M., Eid, R., & Agag, G. (2021). Understanding the link between CSR and employee green behaviour. *Journal of Hospitality & Tourism Management*, 46 (November 2020), 50–61. <https://doi.org/10.1016/j.jhtm.2020.11.008>
- Anand, A., Argade, P., Barkemeyer, R., & Salignac, F. (2021). Trends and patterns in sustainable entrepreneurship research: A bibliometric review and research agenda. *Journal of Business Venturing*, 36 (3), 106092. <https://doi.org/10.1016/j.jbusvent.2021.106092>
- Bacq, S., Geoghegan, W., Josefy, M., Stevenson, R., & Williams, T. A. (2020). The COVID-19 virtual idea blitz: Marshaling social entrepreneurship to rapidly respond to urgent grand challenges. *Business Horizons*, 63(6), 705–723. <https://doi.org/10.1016/j.bushor.2020.05.002>
- Bai, C., Quayson, M., & Sarkis, J. (2021). COVID-19 pandemic digitization lessons for sustainable development of micro-and small- enterprises. *Sustainable Production and Consumption*, 27, 1989–2001. <https://doi.org/10.1016/j.spc.2021.04.035>
- Barbosa, M., Castañeda-Ayarza, J. A., & Lombardo Ferreira, D. H. (2020). Sustainable strategic management (GES): Sustainability in small business. *Journal of Cleaner Production*, 258, 120880. <https://doi.org/10.1016/j.jclepro.2020.120880>
- Barua, S. (2020). Understanding coronanomics: The economic implications of the coronavirus (COVID-19) pandemic. *SSRN Electronic Journal*, April, 1–44. <https://doi.org/10.2139/ssrn.3566477>
- Ben Lahouel, B., Gaies, B., Ben Zaid, Y., & Jahmane, A. (2019). Accounting for endogeneity and the dynamics of corporate social – Corporate financial performance relationship. *Journal of Cleaner Production*, 230, 352–364. <https://doi.org/10.1016/j.jclepro.2019.04.377>
- Boğan, E., & Dedeoğlu, B. B. (2022). How and when perceived CSR effects interpersonal helping and loyal boosterism: A moderated mediation model. *International Journal of Hospitality Management*, 102, 103154. <https://doi.org/10.1016/j.ijhm.2022.103154>
- Carvalho, J. M. S. (2017). Social innovation and entrepreneurship: The case of porto region. *Entrepreneurship: Concepts, Methodologies, Tools, and Applications*, 2–4 (2), 850–887. <https://doi.org/10.4018/978-1-5225-1923-2.ch036>
- Clarkson, M. E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review*, 20(1), 92–117. <https://doi.org/10.2307/258888>
- Comini, G., Barki, E., & Aguiar, L. T. D. (2012). A three-pronged approach to social business: A Brazilian multi-case analysis social businesses. *Revista De Administração*, 47(3), 385–397. <https://doi.org/10.5700/rausp1045>
- Dacin, M. T., Dacin, P. A., & Tracey, P. (2011). Social entrepreneurship: A critique and future directions. *Organization Science*, 22(5), 1203–1213. <https://doi.org/10.1287/orsc.1100.0620>
- Doherty, B., Haugh, H., & Lyon, F. (2014). Social enterprises as hybrid organizations: A review and research agenda. *International Journal of Management Reviews*, 16(4), 417–436. <https://doi.org/10.1111/ijmr.12028>
- Donaldson, T., & Preston, L. E. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications author (s): Thomas Donaldson and Lee E. Preston source: The academy of management review, Jan., 1995, Vol. 20, No. 1 (Jan., 1995), pp. published by: Academy. *Academy of Management Review*, 20(1), 65–91. <https://doi.org/10.2307/258887>
- Duca, I., & Gherghina, R. (2019). Corporate social responsibility and sustainable business. *Social Entrepreneurship*. <https://doi.org/10.4018/978-1-5225-8182-6.ch051>
- Ebrashi, R. E. (2013). Social entrepreneurship theory and sustainable social impact. *Social Responsibility Journal*, 9(2), 188–209. <https://doi.org/10.1108/SRJ-07-2011-0013>
- Farid, T., Iqbal, S., Ma, J., Castro-González, S., Khattak, A., & Khan, M. K. (2019). Employees' perceptions of CSR, work engagement, and organizational citizenship behavior: The mediating effects of organizational justice. *International Journal of Environmental Research and Public Health*, 16(10), 1731. <https://doi.org/10.3390/ijerph16101731>
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Cambridge university press.
- Ganescu, M. C. (2012). Corporate social responsibility, a strategy to create and consolidate sustainable businesses. *Theoretical and Applied Economics*, 11 (576), 91–106. (576).
- Gregurec, I., Tomičić Furjan, M., & Tomičić-Pupek, K. (2021). The impact of covid-19 on sustainable business models in SMEs [El impacto de COVID-19 en modelos de negocio sostenibles en PYMES]. *Sustainability*, 13(3), 1–24. <https://doi.org/10.3390/su13031098>

- Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. *Journal of Marketing Theory & Practice*, 19(2), 139–152. <https://doi.org/10.2753/MTP1069-6679190202>
- Hair, J. F., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. G. (2014). Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research. *European Business Review*, 26(2), 106–121. <https://doi.org/10.1108/EBR-10-2013-0128>
- Hulgard, L. (2010). Discourses of social entrepreneurship–Variations of the same theme? *EMES European Research Network*, 10, 1–21. http://base.socioeco.org/docs/wp_10-01_hulg_rd_web_.pdf%5Cnhttp://www.emes.net/site/wp-content/uploads/WP_10-01_Hulgaard_web_.pdf
- Huybrechts, B., & Nicholls, A. (2012). Social entrepreneurship and social business. *Social Entrepreneurship and Social Business*, 31–48. <https://doi.org/10.1007/978-3-8349-7093-0>
- Hwang, J., Kim, I., & Gulzar, M. A. (2020). Understanding the eco-friendly role of drone food delivery services: Deepening the theory of planned behavior. *Sustainability*, 12(4), 1–12. <https://doi.org/10.3390/su12041440>
- Ilieva-Koleva, D., & Dobрева, J. (2015). Social entrepreneurship as a form of social responsibility in Bulgaria. *Megatrend Revija*, 12(2), 123–136. <https://doi.org/10.5937/megrev1502123i>
- İyigün, N. Ö. (2015). What could entrepreneurship do for sustainable development? A corporate social responsibility-based approach. *Procedia - Social & Behavioral Sciences*, 195, 1226–1231. <https://doi.org/10.1016/j.sbspro.2015.06.253>
- Javed, A., Yasir, M., & Majid, A. (2019). Is social entrepreneurship a panacea for sustainable enterprise development? *Pakistan Journal of Commerce and Social Sciences*, 13(1), 1–29.
- Kim, J., Ju, J., & Kim, J. (2023). The effects of consideration of future consequences and CSR fit in stigmatized industries: Perceived CSR motives as mediators. *Public Relations Review*, 49(1), 102294. <https://doi.org/10.1016/j.pubrev.2023.102294>
- Kudlak, R., & Low, K. Y. J. (2015). Special issues dedicated to CSR and corporate sustainability: A review and commentary. *Long Range Planning*, 48(3), 215–227. <https://doi.org/10.1016/j.lrp.2015.03.002>
- Lee, S., Han, H., Radic, A., & Tariq, B. (2020). Corporate Social Responsibility (CSR) as a customer satisfaction and retention strategy in the chain restaurant sector. *Journal of Hospitality & Tourism Management*, 45 (August), 348–358. <https://doi.org/10.1016/j.jhtm.2020.09.002>
- Lee-Wong, B. Y., & More, E. (2016). Management of corporate social responsibility in Hong Kong small and medium enterprises. *Journal of Global Responsibility*, 7(2), 146–162. <https://doi.org/10.1108/jgr-07-2016-0018>
- Maas, S., & Reniers, G. (2014). Development of a CSR model for practice: Connecting five inherent areas of sustainable business. *Journal of Cleaner Production*, 64, 104–114. <https://doi.org/10.1016/j.jclepro.2013.07.039>
- MacKenzie, S. B., Podsakoff, P. M., & Jarvis, C. B. (2005). The problem of measurement model misspecification in behavioral and organizational research and some recommended solutions. *Journal of Applied Psychology*, 90(4), 710–730. <https://doi.org/10.1037/0021-9010.90.4.710>
- Magbool, M. A. H. B., Amran, A., Nejati, M., & Jayaraman, K. (2016). Corporate sustainable business practices and talent attraction. *Sustainability Accounting, Management and Policy Journal*, 7(4), 539–559. <https://doi.org/10.1108/SAMPJ-06-2015-0042>
- Mahmud, A., Ding, D., & Hasan, M. M. (2021). Corporate social responsibility: Business responses to coronavirus (COVID-19) pandemic. *Sage Open*, 11(1), 215824402098871. <https://doi.org/10.1177/2158244020988710>
- Maritz, A., Perenyi, A., de Waal, G., & Buck, C. (2020). Entrepreneurship as the unsung hero during the current COVID-19 economic crisis: Australian perspectives. *Sustainability*, 12(11). <https://doi.org/10.3390/su12114612>
- Martinez, P., & Rodríguez Del Bosque, I. (2013). CSR and customer loyalty: The roles of trust, customer identification with the company and satisfaction. *International Journal of Hospitality Management*, 35, 89–99. <https://doi.org/10.1016/j.ijhm.2013.05.009>
- Mattera, M., Soto Gonzalez, F., Alba Ruiz-Morales, C., & Gava, L. (2021, December). Facing a global crisis - how sustainable business models helped firms overcome COVID. *Corporate Governance the International Journal of Business in Society*, 21(6), 1100–1116. <https://doi.org/10.1108/CG-07-2020-0309>
- McLaughlin, C. (2019). Corporate social responsibility and human resource management. *Human Resource Management*, 273–292. https://doi.org/10.1057/978-1-352-00403-8_14
- Miragaia, D. A. M., Ferreira, J., & Ratten, V. (2017). Corporate social responsibility and social entrepreneurship: Drivers of sports sponsorship policy. *International Journal of Sport Policy & Politics*, 9(4), 613–623. <https://doi.org/10.1080/19406940.2017.1374297>
- Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22(4), 853–886. <https://doi.org/10.2307/259247>
- Mitra, C., & Borza, A. (2010). The role of corporate social responsibility in social entrepreneurship. *Management & Marketing Challenges for Knowledge Society*, 5(2), 63–76.
- Monecke, A., & Leisch, F. (2012). Sempls: Structural equation modeling using partial least squares armin. *Journal of Statistical Software*, 48(3), 1–32. <https://doi.org/10.18637/jss.v048.i03>
- Pattinson, S. (2020). The hextol foundation: Building a sustainable social enterprise business model. *The International Journal of Entrepreneurship and Innovation*, 21(1), 72–80. <https://doi.org/10.1177/1465750319879023>
- Pedersen, E. R. (2010). Modelling CSR: How managers understand the responsibilities of business towards society. *Journal of Business Ethics*, 91(2), 155–166. <https://doi.org/10.1007/s10551-009-0078-0>
- Pham, H. S. T., & Tran, H. T. (2020). CSR disclosure and firm performance: The mediating role of corporate reputation and moderating role of CEO integrity. *Journal of Business Research*, 120(August), 127–136. <https://doi.org/10.1016/j.jbusres.2020.08.002>
- Podgorodnichenko, N., Edgar, F., & Akmal, A. (2021). An integrative literature review of the CSR-HRM nexus: Learning from research-practice gaps. *Human Resource Management Review*, 32(3), 100839. <https://doi.org/10.1016/j.hrmr.2021.100839>
- Prasad, M., Mishra, T., & Bapat, V. (2019). Corporate social responsibility and environmental sustainability: Evidence from India using energy intensity as an indicator of environmental sustainability. *IIMB Management Review*, 31(4), 374–384. <https://doi.org/10.1016/j.iimb.2019.07.014>

- Prasetyo, P. E., & Kistanti, N. R. (2020). Role of social entrepreneurship in supporting business opportunities and entrepreneurship competitiveness. *Open Journal of Business and Management*, 08(4), 1412–1425. <https://doi.org/10.4236/ojbm.2020.84090>
- Ratten, V. (2020). Coronavirus (Covid-19) and entrepreneurship: Cultural, lifestyle and societal changes. *Journal of Entrepreneurship in Emerging Economies*, 13(4), 747–761. <https://doi.org/10.1108/JEEE-06-2020-0163>
- Ruiz-Palomino, P., Morales-Sánchez, R., & Martínez-Cañas, R. (2021). Corporate sustainability, ethics and employee satisfaction. *Sustainability*, 13(21), 1–5. <https://doi.org/10.3390/su13211964>
- Ruiz-Rosa, I., Gutiérrez-Taño, D., & García-Rodríguez, F. J. (2020). Social entrepreneurial intention and the impact of COVID-19 pandemic: A structural model. *Sustainability*, 12(17), 9–12. <https://doi.org/10.3390/SU12176970>
- Saidane, D., & Abdallah, S. B. (2021). African firm default risk and CSR. *Finance Research Letters*, xxxx 43, 101964. <https://doi.org/10.1016/j.frl.2021.101964>
- Sardana, D., Gupta, N., Kumar, V., & Terziovski, M. (2020). CSR 'sustainability' practices and firm performance in an emerging economy. *Journal of Cleaner Production*, 258, 120766. <https://doi.org/10.1016/j.jclepro.2020.120766>
- Scheepers, C. B., & Bogie, J. (2020). Uber Sub-Saharan Africa: Contextual leadership for sustainable business model innovation during COVID-19. *Emerald Emerging Markets Case Studies*, 10(3), 1–18. <https://doi.org/10.1108/EEMCS-05-2020-0165>
- Sengupta, S., & Sahay, A. (2017). Social entrepreneurship research in Asia-Pacific: Perspectives and opportunities. *Social Enterprise Journal*, 13(1), 17–37. <https://doi.org/10.1108/sej-11-2016-0050>
- Shafi, M., Liu, J., & Ren, W. (2020). Impact of COVID-19 pandemic on micro, small, and medium-sized enterprises operating in Pakistan. *Research in Globalization*, 2, 100018. <https://doi.org/10.1016/j.resglo.2020.100018>
- Shin, C. (2018). How social entrepreneurs affect performance of social enterprises in Korea: The mediating effect of innovativeness. *Sustainability*, 10(8), 2643. <https://doi.org/10.3390/su10082643>
- Smith, A. D. (2010). Growth of corporate social responsibility as a sustainable business strategy in difficult financial times. *International Journal of Sustainable Economy*, 2(1), 59. <https://doi.org/10.1504/ijse.2010.029941>
- Stratan, D. (2017). Success factors of sustainable social enterprises through circular economy perspective. *Visegrad Journal on Bioeconomy and Sustainable Development*, 6(1), 17–23. <https://doi.org/10.1515/vjbsd-2017-0003>
- Tan, W.-L., Williams, J., & Tan, T.-M. (2005). Defining the 'social' in 'social entrepreneurship': Altruism and entrepreneurship. *International Entrepreneurship & Management Journal*, 1(3), 353–365. <https://doi.org/10.1007/s11365-005-2600-x>
- Tien, N. H., Minh, H. T. T., Duc, L. D. M., Mai, N. P., Thuc, T. D., & Wilmshurst, T. (2020). Social entrepreneurship and corporate sustainable development. Evidence from Vietnam. *Cogent Business & Management*, 7(1), 1816417. <https://doi.org/10.1080/23311975.2020.1816417>
- Urmanaviciene, A., & Arachchi, U. S. (2020). The effective methods and practices for accelerating social entrepreneurship through corporate social responsibility. *European Journal of Social Impact and Circular Economy*, 1(2), 27–47. <https://doi.org/10.18334/social.1.1.110947>
- Vallaster, C., Kraus, S., Kailer, N., & Baldwin, B. (2019). Responsible entrepreneurship: Outlining the contingencies. *International Journal of Entrepreneurial Behaviour & Research*, 25(3), 538–553. <https://doi.org/10.1108/IJEBR-04-2018-0206>
- Venkatraman, N., & Camillus, J. C. (1984). Exploring the concept of "fit" in strategic management. *Academy of Management Review*, 9(3), 513–525. <https://doi.org/10.5465/amr.1984.4279696>
- Weaver, R. L. (2020). The Impact of COVID-19 on the social enterprise sector. *Journal of Social Entrepreneurship*, 1–9. <https://doi.org/10.1080/19420676.2020.1861476>
- Williamson, D., Lynch-Wood, G., & Ramsay, J. (2006). Drivers of environmental behaviour in manufacturing SMEs and the implications for CSR. *Journal of Business Ethics*, 67(3), 317–330. <https://doi.org/10.1007/s10551-006-9187-1>