

**International  
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**The Role of Inclusive Business in Fishermen Community:  
A Study Case of Salira Village, Serang Regency,  
Banten Province, Indonesia**

A Research Paper presented by:

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in partial fulfilment of the requirements for obtaining the degree of  
MASTER OF ARTS IN DEVELOPMENT STUDIES

Major:

**Governance and Development Policy  
(GDP)**

Specialization: (PPM)

**Public Policy and Management**

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The Hague, The Netherlands  
December 2024

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## List of Acronyms

ASEAN	Association of Southeast Asian Nations
BoP	Bottom of Pyramid
BPS-Statistic	Badan Pusat Statistik (Statistic Bureau of Indonesia)
BUMNel	Badan Usaha Milik Nelayan
CSR	Corporate Social Responsibility
CV	Commanditaire Vennootschap
FAO	Food and Agriculture Organization
FOB	Farmer-Owned Business
FOE	Fishermen Owned Enterprises
GVC	Global Value Chain
IB	Inclusive Business
IBM	Inclusive Business Model
ICA	International Cooperative Alliance
IFC	International Finance Corporation
IRB	Inclusive and Responsible Business
IP 8	Indonesia Power 8
ISS	Institute of Social Studies
MSME	Micro, Small, and Medium Enterprises
NGO	Non-Governmental Organization
NU	Nahdlatul Ulama
PBNU	Pengurus Besar Nahdlatul Ulama
PMA	Penanaman Modal Asing
PT	Perseroan Terbatas
SDGs	Sustainable Development Goals
SEAT	Sustainability Education Art Teamwork
SHU	Sisa Hasil Usaha
SKB	Samudera Karunia Bersama
SNNU	Serikat Nelayan Nahdlatul Ulama
SOE	State Owned Enterprises
RAT	Rapat Anggota Tahunan
TSP	Tanggung Jawab Sosial Perusahaan
UNDP	United Nations Development Programme
WBCSD	World Business Council for Sustainable Development

## Acknowledgement

Foremost, I am sincerely grateful to my supervisor, Prof Peter Knorringa, for his continuous support, patience and all the knowledge he gave me in finishing this research paper. His guidance teaches me how to be an honest and modest researcher. I am also indebted to Dr Marijn Faling for the valuable comments and feedback. Thank you for the course on Development Policies and Practice, especially in part on Inclusive Business material, which has been the foundation of this research. I sincerely thank all stakeholders contributing to this research: Fishermen Community in Salira Village, SNNU, PT Samudera Karunia Bersama (SKB), PT Indonesia Power (IP) 8 and the Government of Serang Regency. Also, Darin and Virgy, my Indonesian student fellows who were great friends in discussing and building up the research reflections.

And to OKP-LPDP: StuNed joint scholarship programs that without their support and funding, I will never start and finish this master's degree journey.

## **Abstract**

As a buffer province of Indonesia's capital, Jakarta, Banten is where many manufacturing industries, both local and derived from the results of Foreign Direct Investment (FDI), were established. With the large number of manufacturing industries that exist and by Law Number 40 of 2007 concerning Corporate Social Responsibility (CSR), companies should be able to help the government solve poverty problems in coastal Banten Province. However, now there is a need for solutions that are more than just temporary CSR; they can run sustainably and make the fishermen community an object and an active subject. Furthermore, the CSR provided is also expected to provide added value to the core business and value chain of the company itself. In addition to the private sector and the community, the role of the government, in this case, the central government and provincial government, is also crucial in terms of being a regulator and providing a package of policies and technical regulations that support this sustainable CSR or what is often called the Inclusive Business (IB) model.

## **Relevance to Development Studies**

This research provides additional information and knowledge about the involvement of the private sector in development, significantly solving the problem of rampant low-income people in developing countries. The concept of social responsibility in the private sector, which has been dominated by a CSR model that tends to be shaped like a philanthropy model and far from the company's core business, can be disrupted by the beyond philanthropy model that prioritizes entrepreneurship as a way to alleviate social problems in the community, which is then known as Inclusive Business (IB). This research aims to explain the model of private sector contribution to development without the capacity to justify or blame or, in other words, provide a balanced exposure. Furthermore, in this research, the analysis carried out in terms of the implementation of IB in the aquaculture sector in Indonesia, which, as far as the author observes, is still rarely done by previous researchers, will start by using the perspective of Social Legitimacy of Private Sector, Political Economy factors to how inclusive the IB project is when measured using the Inclusive Framework.

## **Keywords**

Private Sector, Inclusive Business, Fishermen Community, Inclusiveness

# Chapter 1

## Introduction

### 1.1 Problem Definition

Indonesia is one of the countries with the longest coastlines in the world and is also the largest archipelagic country, rich in marine resources (Hasanuddin et al., 2013, p. 123). However, despite the abundance of marine wealth, one of the significant contributors to Indonesia's high poverty rate is the fishing community, which plays a crucial role as the front line in guarding and managing these marine resources. According to BPS-Statistics data (2023), 17.74 million fishermen and their households are classified as poor, contributing to 68% of the national poverty rate. The persistently high poverty rate among fishermen is particularly ironic given Indonesia's economic growth, which aims to transition the country from middle-income status to a developed nation (Aisyah et al., 2024, p. 3773).

One common strategy used to reduce poverty is to provide stimulus in the form of social assistance, such as goods and cash transfers. However, this approach is highly dependent on the availability and allocation of the government budget, which, in coastal areas where many fishermen live, is often limited (Nursini et al., 2018, p. 31). Another intervention aimed at reducing poverty, especially within the fishing community, involves collaboration with companies through Corporate Social Responsibility (CSR) initiatives. An example of this is PT Timah's efforts to assist fishermen in Belinyu District, Bangka Regency, Bangka Belitung Province, Indonesia, by providing new fishing gear (Yulianto, 2023). However, CSR programs often end up serving as a way for companies to fulfill their obligations without ensuring the sustainability of the program, as there is little material benefit for companies in implementing such initiatives.

An emerging alternative intervention under the pro-poor agenda, which aims to alleviate poverty in the fishing community, is Inclusive Business (IB). This approach allows fishermen to become active participants in the program, not merely as recipients of aid but as workers, producers, or even business owners within the business model (Kaminski et al., 2020, p. 1883). The Food and Agriculture Organization (FAO) in Likoko and Kini (2017, p. 85) states that a key characteristic of IB is its ability to integrate smallholders into the market value chain, creating win-win benefits for both the poor and businesses, and helping the poor escape poverty. When applied to the fishing community, IB focuses on involving fishermen in the core business activities, whether as workers, producers, or owners of the business running the IB project.

In Indonesia, the implementation of IB is still rare. According to *the Guidelines for the Promotion of Inclusive Business in ASEAN: Briefing Notes for Indonesia* (2023), there are still recommendations to be made regarding the specific sectors that are suitable for IB projects. This places Indonesia behind other ASEAN countries such as Cambodia, Malaysia, Myanmar, the Philippines, and Vietnam, which have already made significant strides in preparing IB strategy proposals. As a result, it may take some time for Indonesian businesses and the population to fully familiarize themselves with the IB model. Nonetheless, many pro-poor programs are already being implemented in CSR packages. In this context, CSR can also be considered a form of strategic CSR (Orlando, 2022, p. 7), which ASEAN recognizes as a potential IB initiative.

One potential IB model supporting the poverty alleviation and social inclusion agenda in the fishing community is the CSR program run by PT. Samudera Karunia Bersama (SKB), a large trading company in the marine products sector, based in Banten and Jakarta. This program, initiated in collaboration with the Nahdlatul Ulama Fishermen Alliance (SNNU), an autonomous body and the largest religious organization in Indonesia, was formally launched in



2022 in Banten Province. Known as Fishermen Owned Enterprises (BUMNel), the business model integrates local fishermen into the company's supply chain as fish suppliers. The fishermen are organized under the Banten Province SNNU and serve both as employers and business owners within the BUMNel framework, with local SNNU managing the operations. This aligns with the IB criteria outlined by Kaminski et al. (2020, p. 1883).

The implementation of this program addresses a significant issue faced by local fishermen: the difficult periods caused by adverse weather, which prevent them from going to sea and result in a loss of primary income. As a result, it becomes challenging for them to transition to other temporary occupations.

This research aims to analyze how BUMNel operates and meets the criteria for an ideal IB, particularly focusing on how the model fosters inclusivity. Furthermore, it aims to assess how, in the future, fishermen—who are the primary actors in this IB project—can become more independent and reduce their reliance on support from institutions such as companies, local governments, and NGOs (including SNNU, which plays a significant role in the program). Additionally, this study will explore how NGOs, as intermediary actors, implement exit strategies. The research also seeks to determine the extent to which IB can contribute to improving the welfare of the fishing community. The case study for this research is located in Serang Regency, Banten Province, Indonesia, as it falls within the company's operational area and is a critical factor in the successful implementation of IB. The hypothesis of this study is that the IB model directly contributes to improving the welfare of the fishermen community in Banten Province, supporting the pro-poor development agenda.

## **1.2 Justification and Relevance of the Research**

Currently, most academic research on Inclusive Business (IB) focuses primarily on smallholder development, often overlooking how the poor individuals involved can maximize the profits generated from the IB initiatives. Additionally, much of the existing research on IB is concentrated on the agricultural sector, with few studies addressing the implementation of the IB model in the fisheries industry. The research that has been conducted in the agricultural sector tends to focus on regions in Africa, which contributes less than 1% to global marine product production. In contrast, Asia, particularly Indonesia, is the second-largest producer of aquatic products in the world. However, as the author is aware, there are only a limited number of studies that examine IB and its implementation in Indonesia's aquaculture sector, as well as how IB can improve the welfare of poor people within the sector, such as fishermen.

Therefore, this research will emphasize how alternative social responsibility models, specifically IB, can contribute to enhancing the welfare of the fishing community. Furthermore, the study will explore how IB can empower the fishing community to become more self-sufficient in generating profits from their businesses through the assurance of inclusivity within the IB model.

## **1.3 Background to the Proposed Study**

Fishermen communities in Indonesia face significant poverty challenges, with 17.74 million people living in coastal areas, contributing to 68% of the national poverty rate (BPS-Statistics, 2023). Banten Province, with its extensive coastline, has the highest number of fishermen households and continues to struggle with poverty due to factors such as natural conditions, education levels, and market access (Anugrah, 2018).

As a buffer province near Jakarta, the capital of Indonesia, Banten is home to many manufacturing industries, encouraged by Law Number 40 of 2007, which aims to support local poverty alleviation through Corporate Social Responsibility (CSR). However, there is a critical need for sustainable solutions that actively involve the fishermen's communities, creating a model for Inclusive Business (IB).

This study highlights the Fishermen Owned Enterprises (BUMN<sub>el</sub>) program initiated by PT Samudera Karunia Bersama (SKB) and the Nahdlatul Ulama Fishermen Alliance (SNNU) in Banten. The program aims to enhance the welfare of impoverished fishermen's households. Established in 2022, the SNNU addresses issues such as extreme poverty and education within traditional fishermen's communities.<sup>1</sup>

After formal ratification in 2019, under Chairman Witjaksono, SNNU has advocated for fishermen's rights, fuel subsidies, and economic independence. The BUMN<sub>el</sub> program, along with another initiative by PT Indonesia Power, empowers fishermen's wives through business ventures in processed seafood, further fostering collaboration between the local community, businesses, and the government.<sup>2</sup>

## 1.4 Research Objectives and Questions

### Research Question:

How does the Inclusive Business project in the Fishermen Community at Salira Village, Serang Regency, Banten Province meet the aspects of inclusiveness?

### Sub-Questions:

1. How can the IB model become more sustainable by empowering fishermen to operate their businesses independently?
2. To what extent can Inclusive Business improve the welfare of the Fishermen Community in Banten Province?
3. How influential is each institution in the IB project when measured based on Ownership, Risk, Voice, and Reward (Inclusive Framework)?

## 1.5 Organization of The Paper

This research paper is divided into seven chapters. The first chapter introduces the research, presenting the research problem, background, and justification. It briefly discusses two potential IB projects—PT Samudera Karunia Bersama (SKB) and PT Indonesia Power (IP) 8—which each carry out the BUMN<sub>el</sub> and Women Business Entity (Restaurants and Snacks) projects. These projects are implemented in the fishermen community located in Salira Village, Serang Regency, Banten Province. The focus is on assessing the inclusivity of these potential IB projects and their impact on improving the welfare of the fishing community. Additionally, this chapter examines the latest regulations and issues regarding IB in Indonesia and addresses the gap in academic literature on IB as it relates to the realities of society, particularly in Indonesia.

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<sup>1</sup> Interview with N1, in Zoom Meeting (18 July 2024)

<sup>2</sup> *ibid*

The second chapter focuses on the theory and research framework. It discusses the concepts and theories that support the findings of the research on the role of IB in the fishing community of Salira Village, Serang Regency, Banten Province. The chapter explores how IB improves the welfare of fishermen and the extent of the inclusion process within the IB projects. Social Legitimacy and Political-Economy Theory will help sharpen the analysis, and the Inclusive Business framework will provide a lens to assess the issues in this study. Additionally, these theories and frameworks will be used to understand the factors that influence the development or lack thereof of IB in Indonesia, and how IB can include various elements in the project, especially within the aquaculture sector.

Chapter three discusses the methodology used in this research, focusing on qualitative methods and semi-structured interview techniques for data collection. This chapter will answer the main research question and sub-research questions, detailing the data sources and analysis techniques. It will also outline the limitations and scope of the research, which is confined to areas where SNNU is involved, reflecting my position as a Project Manager at central SNNU.

Chapter four will define the problem context in more detail. This chapter will examine the situation and context that has led to the implementation of potential IBs, such as BUMNel and Women Business Entity groups in Salira Village, Serang Regency, Banten Province. It will explore how IBs are viewed in Indonesia, particularly considering economic and political factors that influence the social order, both at the elite and grassroots levels. Before delving into these external factors, this chapter will also explain the historical context and the state of social responsibility in the private sector, as well as its contribution to development in Indonesia. Additionally, it will explore how CSR is often overgeneralized in the discourse of Indonesian society. A comparison between IB projects in other sectors and IB in the aquaculture sector will also be made to provide a comprehensive understanding of how historical factors and government regulatory frameworks support sector development in Indonesia. This context, situation, and comparison are intended to support the analysis of the inclusiveness within BUMNel and the Women Business Entity group, and their impact on improving the fishermen's welfare.

Chapter five will present the outcomes of the study, drawing on data from interviews with respondents who represent the stakeholders involved in implementing the potential IB programs, BUMNel by PT SKB and Women Business Entity by PT IP 8. The interview data will be classified into sub-themes that correspond to each sub-research question outlined in chapter one. These sub-themes will be linked to the existing research framework to analyze the main research question.

Chapter six will contain the main analysis, focusing on the extent of inclusiveness in the potential IB projects, specifically BUMNel and the Women Business Entity Group at Salira Village, Serang Regency, Banten Province. This analysis will be based on the Inclusive Business framework, which evaluates four inclusivity indicators: Ownership, Risk, Voice, and Reward. Finally, in the Chapter Seven in this Study contains a conclusion to research findings and answers to existing research questions.

## Chapter 2

### Literature Review and Theoretical Framework

#### 2.1 Literature Review

Previous research on the implementation of Inclusive Business (IB), as defined by Mukherij (2021, p. 1), has not been widely conducted, especially in the context of the Asian region, particularly Indonesia. The available research related to the implementation of the model includes a study by Ghosh and Rajan (2019, pp. 344-352), which analyses inclusive business models in emerging economies in relation to the Sustainable Development Goals (SDGs). The research emphasizes how to implement IB globally within the SDG framework, particularly in sectors such as agriculture, education, energy, housing, and health. This study contributes a deeper understanding of IB models, grounded in both theory and practice, and highlights specific examples of how to implement IB in a wide variety of organizations and sectors. It also provides valuable insights for business leaders interested in applying IB models to their corporate social actions. However, this study does not focus specifically on the contexts in which IB models have been applied, resulting in more general recommendations based on the sectors studied.

Another significant study on IB was conducted by Pouw et al. (2019), who researched "Inclusive Business for Sustainability." This literature emphasizes that when the societal and environmental conditions do not support the development goals of the IB project, the role of "mediators," usually NGOs, becomes crucial. These mediators act as "service providers," conducting continuous training for low-income individuals, who are the primary entities implementing IB. This process upgrades their capabilities, ensuring that the IB program produces positive development outcomes while also aligning with the business interests of the lead firm. The literature also argues that while IB discourse has traditionally focused on value chain dynamics, it should shift towards creating increased social and environmental outcomes for communities at the bottom of the pyramid (BoP), who are both producers and consumers in existing IB projects. However, besides the environmental and social considerations, this literature generally discusses the IB model without addressing its specific implementation details.

Further research has explored IB's relationship with poverty alleviation. For instance, Teodosio and Comini (2012, pp. 410-421) discuss the IB model from an American perspective, particularly in South American countries such as Brazil, which have a significant population living in poverty, classified as part of the BoP. This literature discusses how the understanding of IB differs depending on the location and conditions under which it is applied. For example, in Europe, where the tradition of civilization is closely linked to cooperatives and associations, the implementation of IB prioritizes the role of NGOs in initiating the model. In Latin America, the IB model is often understood as a business-driven project that uses market logic to address social issues such as poverty. This research, however, does not explore the dimensions of poverty that IB can help alleviate, focusing instead on the conceptual and theoretical relevance of IB in increasing the middle class through the inclusion of people living in poverty.

Additionally, this literature does not specifically address which sectors in Brazil are best suited for IB applications. In Southeast Asia, especially Indonesia, the term "Inclusive Business" is still rarely used by social responsibility activists in the private sector. According to Mukherij (2021, p. 1), inclusive business is defined as a model that applies the principles of profit-oriented

business to meet the needs of low-income people. In Southeast Asia, and particularly in Indonesia, IB is often equated with other forms of social responsibility, such as Corporate Social Responsibility (CSR) (Likoko and Kini, 2017, p. 86). Furthermore, a more in-depth case study on IB models in India, as described by Mukherij (2021, pp. 1-303), discusses the Hospitals Inclusive Business and its main goal of poverty alleviation. This research focuses on stakeholder mapping related to IB implementation but could benefit from a deeper analysis of the role of Non-Governmental Organizations (NGOs) in applying the model.

As for previous research specifically examining the implementation of the IB model in the aquaculture sector, Kaminski et al. (2020, pp. 1-22) highlighted alternative IB models that could be applied to the aquaculture sector. These models have been successfully used in other industries, such as agriculture, infrastructure, and finance. The alternative models include contract farming, micro-franchising, joint ventures, farmer-owned businesses, sharecropping, tenant farming, public-private partnerships, and certification. While this literature does not focus on a specific case study of IB in the aquaculture sector using one of these alternative models, it discusses how to combine several existing methods under the Global Value Chain (GVC) analytical framework, drawing on IB case studies from other sectors.

The shortcomings or criticisms of implementing IB reflected in this literature are that most IB literature still fails to focus on smallholder development, instead of how poor actors stand to benefit. Second, the implementation of the IB model in practice, even if it has been developed properly, may also harm the environment. In the literature reviewed, there has been no focus on implementing IB in a way that not only includes poor people as subjects but also results in positive, non-destructive environmental effects. Furthermore, most IB studies in the existing aquaculture sector have focused on case studies in Africa, where the contribution to global aquaculture output is less than 1%, with Asia, the largest aquaculture producer according to FAO data (2024), still rarely addressed. Additionally, there has been no research on IB that investigates the application of the IB method depending on the context in which the IB program is carried out. This means that an IB approach that works in one location may not necessarily succeed in another if the same approach is applied. Finally, this literature also questions the lack of discussion on gender inclusion in the implementation of the IB model, both in the agricultural sector and other sectors.

Furthermore, research on the implementation of IB in the aquaculture sector in Asia has also been conducted by Bremer et al. (2020), who focus on the analysis of sustainability standards in IB projects within the aquaculture sector, particularly in the context of shrimp and prawn cultivation. The research highlights the numerous certification standards imposed on business actors and aquaculture operations, especially those involved in shrimp and prawn farming. Based on previous studies, the initial hypothesis of this research is that if the standards in the form of certifications intended to encourage sustainability in shrimp and prawn cultivation increase, cultivation in the sector may become less accessible for stakeholders who were previously involved. Furthermore, the number of certifications required may exclude smallholders from shrimp and prawn farming, as they lack the resources to obtain multiple certifications. Therefore, this research further examines the SEAT project, which aims to create more participatory, bottom-up, and inclusive sustainability standards for shrimp and prawn cultivation.

The gap in the research lies in the absence of specific indicators to assess how critical, participatory, and inclusive the 'ethical tools' or standards developed in the SEAT project are in overcoming the exclusion of small groups, such as smallholder farmers, as outlined in the initial hypothesis questioning the application of various standards in shrimp and prawn cultivation. Additionally, once the SEAT project is completed, the research should discuss the changes or impacts of the IB program implemented by smallholder shrimp and prawn farmers.

Other research that discusses IB in the aquaculture sector and also examines inclusiveness in IB projects has been conducted by Avadi et al. (2022) in the context of enhancing sustainability and inclusiveness among smallholder farmers in Zambia. This research specifically analyzes the value chain of the aquaculture production system and its contribution to Zambia's economic growth and inclusiveness within the aquaculture sector. The study uses value chain analysis to determine the influence of smallholder farmers' contributions to the aquaculture sector on economic growth in Zambia. Furthermore, the research identifies factors such as strong aquaculture development policies, innovation, broader gender and youth involvement, and skill development through capacity-building as the key elements that increase the contribution of smallholder farmers to both economic growth and inclusivity in the aquaculture sector. The study also discusses the low-profit sharing, which refers to the net income of smallholder farmers in the aquaculture sector. However, this research provides a general overview of the contribution of smallholder aquaculture farmers to a country's economic growth, without discussing a specific case study that demonstrates a change in the effectiveness of IB or efforts to increase the productivity and inclusivity of smallholder farmers.

The IB research in the aquaculture sector that addresses women's inclusivity in IB projects was conducted by Koralagama et al. (2017), focusing on gender inequality in small-scale fisheries. The research highlights the small amount of research examining the involvement of women in the aquaculture sector, particularly in small-scale fisheries, which is due to the absence of a gender-aware perspective in the industry, which is largely dominated by male involvement. The study focuses on the role of women in small-scale fisheries, often engaged in unpaid or poorly paid work, such as fish vending, cleaning, and dry fish processing, which are not central to the industry. The role of fisherwomen, who are often the wives of fishermen, is critical because they manage household finances, child care, and provide psycho-social support to fishermen, all of which can lead to economic crises in fishing households if not adequately fulfilled. The research identifies three main forms of discrimination against women in the small-scale fisheries sector: restricted access, restricted decision-making, and identity-based discrimination. Researchers suggest that inclusive development policies in small-scale fisheries should focus on overcoming gender exclusion among fisherwomen. Gender-sensitive approaches should guide the formulation of policies to increase inclusivity, welfare, and bargaining power for fisherwomen, which could lead to benefits such as increased awareness of domestic violence, ensuring social justice, improved schooling for children, equitable access to fisheries management, and enhanced community wellbeing and economic growth. However, this research is limited to using a gender approach to highlight the status quo in operational small-scale fisheries, using case studies from various countries, without specifically examining what happens in an IB implementation project.

Given this, it is reasonable to conduct research on the implementation of IB in the aquaculture sector in Indonesia, the second-largest producer of marine products according to FAO data (2024), as a means of expanding the research base in these sectors and locations, which are still under-researched, particularly at the implementation stage. Additionally, this study will focus on how poor actors can become independent and benefit from running IB, an aspect that still requires improvement in previous studies. Finally, this study will further explore the dynamics between actors in the establishment and management of Fishermen-Owned Enterprises, which, according to Kaminski et al. (2020, pp. 9-16), is the application of IB using the Farmer-Owned Business model. This model has not yet been studied in detail with respect to its implementation in the aquaculture sector, particularly in Asia and Indonesia.

## 2.2 Theoretical Framework

### 2.2.1 Social Legitimacy Theory

Social legitimacy in a business context refers to the perspectives of Baron (1995, 2016), Doh et al. (2012), Marquis and Raynard (2015), Oliver and Holzinger (2008), Yin and Jamali (2016), as cited in Girschik (2020), which argue that social legitimacy is rarely driven purely by the desire to engage in managerial philanthropy or societal development alone. Instead, it is more often about filling the development void left by the government, in order to gain non-market advantages and competitive benefits that can support future business growth. This is consistent with the legitimacy theory presented by Deegan et al. (2002), as referenced in Mahmud (2019, p. 7), which asserts that organizations—specifically companies—carry out activities that are intended to align with societal norms and boundaries.

The two perspectives on social legitimacy mentioned above complement Friedman's opinion (1970) in the *New York Times Magazine*, which states that "The Social Responsibility of Business Is to Increase Its Profits." This view can be further interpreted as suggesting that social legitimacy, for the private sector, is merely a strategy to increase corporate profits, both tangible and intangible.

Another view, articulated by Gray et al. (1996, p. 47), posits that social legitimacy, as part of legitimacy theory within the political economy paradigm, underscores the interconnectedness of the economic sphere with the political, social, and institutional frameworks in which it operates. From this standpoint, companies in the private sector cannot focus solely on the economic aspects of business sustainability, which are often addressed through market mechanisms. They must also consider political, social, and institutional aspects, which can be attained through legitimacy—one avenue of which is corporate social responsibility (CSR). The legitimacy theory, as described by Gray, is further expanded by Islam (2017, pp. 327-328), who notes that the relationship between organizations (companies) and societal expectations is deeply embedded in social life. This suggests that the private sector, or companies, are required to balance market demands with public expectations, which significantly influence their sustainability.

Based on the social legitimacy motives derived from the legitimacy theories discussed above, it can be concluded that the private sector—or, in this case, the company—has an interest in achieving social legitimacy in addition to economic benefits, as both are intertwined when assessing how companies can survive in the environments where they operate. Therefore, corporate social responsibility, which may appear to be a mere cost at face value, can implicitly serve as a vital tool for companies to maintain their survival. This is especially true for certain companies that are compelled to engage in CSR.

To achieve a balanced relationship between market strength and social and political reach for social legitimacy, CSR must address both aspects of the company's needs. However, the current CSR concept remains suboptimal, as many companies continue to separate their production activities aimed at market strengthening from social activities designed to enhance their social legitimacy.

## 2.2.2 Political-Economic Theory

The influence of political-economic factors on the development of the IB concept globally is a crucial, unavoidable aspect. Referring to Kotler, Hessekiel and Lee (2012) as cited in Torres and Duarte (2021, p. 393), the world economy has transformed from classical capitalist economic principles and neoliberalism toward a new ideological variant: Progressive Neoliberalism. This emerging trend compels companies to place greater emphasis on accountability and responsibility toward society. In this context, CSR has become a tool for large companies to deflect criticism regarding their exploitative business practices across various dimensions.

Torres and Duarte (2021, p. 393) further assert that, since the 2000s, businesses have increasingly targeted the bottom layer of society as a new market segment. This segment has been underrepresented in the global market, and targeting it not only brings the benefit of reaching previously excluded people but also helps improve the company's image while generating new sources of profit. The development of Progressive Neoliberalism, as a political factor, and the view of low-income groups as a market segment is also discussed by Prahalad (2010) in Torres and Duarte (2021, p. 394), who refers to this group as the Bottom of the Pyramid (BoP). This economic factor has influenced how large companies adopt business models beyond philanthropy to address the moral criticisms of their business growth, which is often seen as detached from the development of societal welfare. Furthermore, the concept of enterprises going beyond philanthropy, which seeks to integrate low-income communities into business models, aligns with the terminology used by the World Business Council for Sustainable Development (WBCSD) in 2005, marking the genesis of the Inclusive Business (IB) concept.

## 2.2.3 Inclusive Business (IB)

Inclusive Business (IB) is defined by Sopov et al. (2014), as cited in Mangnus (2023), as a business initiative that includes low-income people, particularly those at the bottom of the pyramid (Prahalad, 2005, in Biokhuis, 2012, p. 8), into the value chain of a company's core business operations. This suggests that the IB model is an evolution of the traditional CSR concept. According to Schoneveld (2020, p. 10), IB is defined as an autonomous business entity that creates net value for income-constrained groups. The process requires meeting four dimensions: (1) value-creating activities and partnerships must be fully informed by the Inclusive Business Model (IBM); (2) the net value created for income-constrained groups should not be offset by value destruction during the creation process; (3) the value captured by the business should allow it to sustain operations without charitable contributions; and (4) the majority of the economic surplus must be reinvested to broaden and deepen value creation. This research will analyze the implementation of IB in a case study of fishing communities in Banten Province, Indonesia, focusing on how poor people can become more independent through IB, and how inclusiveness is advanced in the IB model being implemented. An inclusion framework developed by Vermeulen and Cotula (2010) will be used to assess the degree of inclusiveness in the IB model. This framework emphasizes four aspects of the IB business model: *Ownership, Voice, Risk, and Reward*.



Ownership	Focussing on the business (equity share), and key project assets.
Voice	The ability to influence key business decisions, including weight in decision making, arrangements for review and grievance, and mechanisms for dealing with asymmetries in information access.
Risk	Including commercial (i.e. production, supply and, market) risk, but also wider risk such as political and reputational risk.
Reward	The sharing of economic costs and benefits, including price setting and finance arrangements.

**Table 1 Inclusive Framework – Adopted from Vermeulen and Cotula (2010).**

The research will assess the independence of the fishermen in future IB operations and the extent to which the IB model incorporates advanced inclusiveness. Additionally, the study will employ the IB model that incorporates an alternative combination of IB models, as suggested by Kaminski et al. (2020).

## 2.3 Social Legitimacy and Political-Economic Factors that shaped the Inclusiveness of IB based on IB Framework

### Research Framework

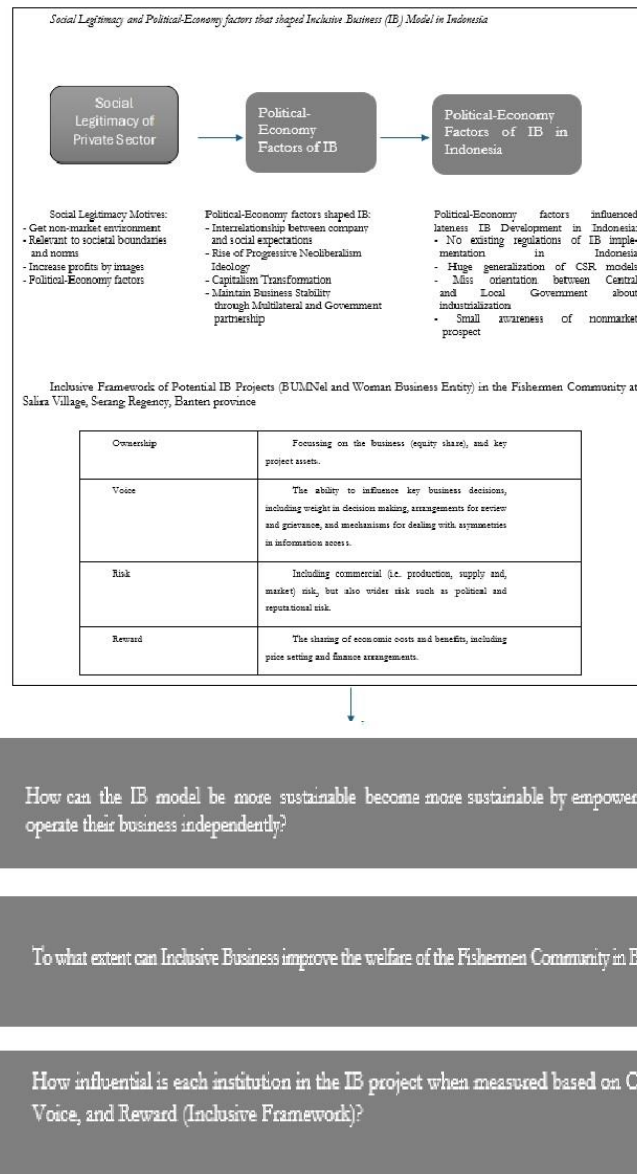


Figure 1 Research Framework

The figure above outlines the research framework used in this study. The research begins with the Social Legitimacy of the private sector, where one of the driving motives is related to political-economic factors. Political-economic factors are essential drivers of the emergence of the IB model in the modern era. Torres and Duarte (2021, p. 395) explain that, since the early 2000s and the rise of progressive neoliberalism, a new variant of capitalism,

large companies have become increasingly aware that, rather than maintaining the status quo as capitalist villains, they must meet societal expectations by re-engaging low-income people in the company's core production processes. Furthermore, economically, recent research has shown that the market, now dominated by young consumers, is highly concerned with the values embodied by products and companies, such as inclusion, purpose, and social innovation. These political and economic arguments highlight the urgency of considering both factors when analyzing the development of IB and the extent to which inclusivity in a project aligns with IB characteristics.

Additionally, the political-economic factor is used to analyze the development of IB in Indonesia. Political factors related to a project model are closely tied to the regulations in place in the area where the project is implemented, which in this case is Indonesia. This study will first analyze political factors by examining existing regulations concerning the private sector's social responsibility, particularly those that explicitly regulate the IB model, from planning to implementation. This will be supported by previous research on the role of inclusive business in Indonesia and related sectors, as well as studies on the relationship between Indonesia's socio-political conditions and the varying development of IB in the country.

## **2.4 Conclusion of The Chapter**

In analyzing IB and its implementation for communities at the Bottom of the Pyramid (BoP), the background of Social Legitimacy is crucial, as it is the fundamental reason the private sector contributes to community development, a task often viewed as the government's responsibility. This motive is useful in understanding the extent to which the private sector desires IB projects to be inclusive, particularly in terms of Ownership and Risk. These two indicators, found in the IB framework, are deeply connected to a company's motive for implementing IB and the context of developing social responsibility within the IB implementation. Furthermore, Political-Economic theory contributes to explaining how the Social Responsibility model cannot be separated from the political and economic developments in the country where IB is implemented. In the context of the IB framework (Vermeulen and Cotula, 2010), Political-Economic theory helps analyze the inclusiveness of a project, especially regarding the Voice indicator, which relates to the right to express opinions and participate in decision-making on corporate actions carried out by stakeholders in the IB organizational structure. Economic factors, in turn, play a key role in the cost-benefit sharing problem, which is included in the Reward indicator of the IB framework. In summary, the analysis of inclusiveness in an IB project cannot be divorced from the private sector's motives related to Social Legitimacy and the political-economic factors that influence the context in which IB is implemented. The use of Social Legitimacy and Political-Economic theory is, therefore, essential for a deeper analysis of IB inclusiveness.

## Chapter 3

### Methodology

This section presents the results of interviews with respondents who represent each stakeholder involved in the implementation of Potential Inclusive Business (IB), namely BUMNel and the Women Business Entity Group in the Fishermen Community in Salira Village, Serang Regency, Banten Province.

### 3.1 Qualitative Interviews and Secondary Data Analysis

The methodology applied in this research is qualitative. According to Aspers and Corte (2019, p. 139), qualitative methodology is an “iterative process in which improved understanding of the scientific community is achieved by making new significant distinctions resulting from getting closer to the phenomenon studied.”

The respondents from each stakeholder involved are as follows:

Name	Position	Description	Code	Case Study Code
Muhammad Azis	President Commissioner of PT Samudera Karunia Bersama (SKB)	PS: The corporation operates in aquaculture trading, both locally and internationally. The head office is located in Jakarta, but one of the main operational voices of the company is located in Banten Province. The transaction of the company around 5000 tons of fish in a year.	P1	#CS1
Frans Santoso	Secretary of SNNU Banten and ex officio as the Head of Fishermen Cooperatives of SNNU.	NGO: It is a local Board of SNNU based on Banten Province which have around 500 members of fishermen in Banten Area.	N1	#CS1
Saptuni	Fishermen in Salira Village, Serang Regency, Banten Province	FM: Respondent from the Fishermen Community as the main subject of the IB project. 3 people will be interviewed from each of the subgroup to be the representative.	F1	#CS1
Salimudin	Fishermen in Salira Village, Serang Regency, Banten Province	FM: Respondent from the Fishermen Community as the main subject of the IB project. 3 people will be interviewed from each of the subgroup to be the representative.	F2	#CS1

Sarmaeni	Fishermen's Wife (Head of Nyimas Samudera Women Group) in Salira Village, Serang Regency, Banten Province	FM: Respondent from the Fishermen Community as the main subject of the IB project. 3 people will be interviewed from each of the subgroup to be the representative.	F3	#CS2
Hilman	Representative of Serang Regency Provincial Marine and Fisheries Department	Policymaker: Representative of the head of the section in charge of marine and fisheries in Banten Province and is authorized to recommend policies to the Governor of Banten related to the marine and fisheries sector, including the welfare of fishermen.	G1	#CS1
Anindita Dian Safira	Community Development Officer of PT Indonesia Power 8	PS: The subsidiary SOE that operate in electricity producing sector for Java Island region. The head office is located in Serang Regency, Banten Province. This company empower the woman group in Salira Village to make business entity which initially fulfill the IB characteristic.	P2	#CS2

Table 2 List of Respondents

## 3.2 Scope and Limitations

This research uses the Social Legitimacy of the Private Sector and Political-Economic factors to analyze the development of IB in Indonesia. These frameworks were used to help address the main case in this study, specifically the implementation of potential IB projects in the form of BUMNel and Women Business Entities initiated by PT SKB and SNNU for BUMNel, and PT Indonesia Power 8 for Women Business Entities in Salira Village, Serang Regency, Banten Province. The primary focus and limitation of this research is the extent of the inclusivity of the BUMNel Project and Women Business Entities implemented in the fishing community in Salira Village, which will be measured using the Ownership, Risk, Voice, and Reward indicators outlined in the Inclusive Framework presented by Vermeulen and Cotula (2010).

## 3.3 Positionality

I am currently a Project Manager of an NGO called Nahdlatul Ulama Fisherman Alliances (SNNU), so I may be biased in analyzing the role of NGOs as intermediary actors in implementing Inclusive Business Models to alleviate poverty in the fishermen communities of Banten Province. Moreover, the policy regulating social responsibility here is based on national regulation, as there is still no regional-specific regulation. Analyzing national regulations in the context of regional conditions may lead to oversimplification, but this research ultimately aims to analyze the results of implementation and the role of the IB model itself, as well as provide technical policy recommendations that can be applied in Banten, based on existing national regulations.

## Chapter 4

### Problem Context and Comparison

This chapter explains the situation and context that led to the implementation of potential IB models, such as BUMN and Women Business Entity groups, in Salira Village, Serang Regency, Banten Province, in countries like Indonesia. It focuses on the economic and political factors that influence how IB terminology is perceived in the social order, both among the elite and grassroots. Before addressing these external factors, this chapter also outlines the historical and current state of social responsibility in the private sector and its contribution to development in Indonesia. Additionally, it examines how the overgeneralization of Corporate Social Responsibility (CSR) in the discourse space of Indonesian society negates other forms and models of social responsibility from the private sector, which, of course, are diverse. Furthermore, the chapter discusses how the IB model has entered and developed in ASEAN, particularly in industries based on the sale of non-extractive natural products, such as agriculture and aquaculture. The inclusion of examples from industries similar to the aquaculture sector in the case of the fishermen community in Salira Village aims to justify the factors that encourage or hinder the development of IB in Indonesia and the extent to which inclusivity can be achieved in similar sectors. This forms the basis for analyzing the importance of inclusivity created through IB implementation, which is the primary goal of this research, to be presented in the next chapter.

#### 4.1 Social Legitimacy Factor that Shaped Inclusive Business (IB) in Indonesia

The discussion of IB in the context of Indonesia is closely tied to the concept of the Social Legitimacy of the Private Sector. The legitimacy theory presented by Deegan et al. (2002) in Mahmud (2019, p. 7) posits that organizations, in this case companies, must carry out activities that are relevant to societal boundaries and norms. This illustrates the initial reasoning behind why a business entity, which prioritizes profit, would engage in solving social problems in the community—typically the responsibility of local government. In the context of Indonesia, this social legitimacy factor was translated by Indonesian companies into Corporate Social Responsibility (CSR), which began in the late 1990s, marked by the issuance of the Government Decree through Ministerial Regulation of State-Owned Enterprises (SOEs) Number Kep-216/M-PBUMN/1999, dated September 28, 1999. The emergence of CSR as the first manifestation of the Social Legitimacy of the Private Sector in Indonesia led to the public and stakeholders in Indonesia perceiving corporate involvement in solving social issues as synonymous with CSR, even though, in practice, it differs from the academic definition of CSR.

Referring to Freeman's (1984) definition in Ridho (2017, p. 69), CSR can be described as a company's responsibility to prioritize not only economic factors but also the social and environmental interests of its surroundings. In short, the company must not only satisfy shareholders but also meet the needs of the local community impacted by its operations. However, over time, CSR has become more associated with philanthropic contributions, which in practice often result in short-term CSR programs that lack a sustainable, independent framework. This is due to CSR being highly dependent on a company's annual budget allocation for such programs, with the primary motive often being the fulfillment of regulatory obligations rather than addressing the company's core operational needs. On the other hand, IB focuses on adding value by integrating lower-income groups into a company's

value chain, specifically in key areas such as production, distribution, and consumption, as outlined by WBCSD (2016) in Torres and Duarte (2021, p. 393).

The following presents the overlap between CSR and IB in the Indonesian context:

CSR	CSR IN INDONESIA
Responsibility of company to society in wide range of programs and in separate things with company's core business	Responsibility of company to society in wide range of programs including society enterprises program that relate with the company core business (IB)
Based on company social responsibility annual budget	All financing schemes in the program, including business scheme (IB)
Brand Image orientation	All orientation including adding added value and new segmentation of core business (IB)
Operate by company's officer and or NGO	All scheme of operation including operate by the BoP society (IB)

**Table 3** Overlap of CSR understanding in Indonesian perspective.

From the table above, it is evident that Indonesian society, in general, tends to generalize all forms of social responsibility, which is a manifestation of social legitimacy, under the CSR terminology. This makes it challenging for the development of models like Inclusive Business (IB), which have not been widely known in Indonesia for a long time. Furthermore, the lack of government intervention in promoting this new model contributes to this challenge. As a result, according to the Guidelines for the Promotion of Inclusive Business in ASEAN (ASEAN, 2023, p. 10), in the context of Southeast Asia, Indonesia lags behind other ASEAN countries such as Myanmar and the Philippines, despite Myanmar and Cambodia being economically less advanced than Indonesia (Hara et al., 2023, pp. 3-7).

Beyond the overgeneralization occurring at both the government and private levels, there are fundamental factors that explain why IB development in Indonesia is far behind that in other countries, particularly within ASEAN. Referring to Kotler, Hesekiel, and Lee (2012) in Torres and Duarte (2021, p. 393), the shift in economic ideology from classical capitalism to neo-liberalism has influenced companies' views on their responsibility toward the social conditions of society. This suggests that ideological factors, closely tied to politics and economics, are key determinants in the development of social responsibility models, including IB. Furthermore, as Torres and Duarte (2021, p. 393) note, the political and economic environment leads to a shift in the perspective of large companies, causing them to focus more on the bottom-of-the-pyramid (BoP) population, as introduced by Prahalad (2005) in Biokhuis (2012, p. 8). This shift redefines BoP individuals as both a target for social responsibility and a new market segment. This makes the concept of IB, which integrates BoP individuals into the company's core business, increasingly relevant, driven by dominant political-economic factors.

## 4.2 Political-Economic Factors that Obstruct the Advancement of IB in Indonesia

In the Indonesian context, the development of IB as a manifestation of the social legitimacy concept carried out by companies (Mahmud, 2019, p. 7) has not yet become widely

discussed from the structural to the societal level, as CSR has been. This can largely be attributed to political-economic factors, as outlined below:

Political Factor	Economic Factor
No Existing Regulation about IB in Indonesia	No Incentive for company that support IB Implementation
Complicated Bureaucracy	Lack of Awareness of Non-market Segmentation
De-industrialization	Extortion by Government's Unauthorized Individual and Civil Society Organization
Miss Matching Orientation between the Central and Local Government	No Government Budget support

**Table 4 Political and Economic Factor that obstruct the advancement of IB in Indonesia**

With regard to political factors, the absence of specific regulations that provide a legal framework for the technical implementation of the IB model in Indonesia is undoubtedly the main reason why existing companies hinder the implementation of IB. Currently, only Law Number 40 of 2007 on Limited Companies regulates corporate social responsibility, mainly in the form of charity and CSR. However, the social responsibility model that integrates smallholders, such as the BoP community, into the company's core business—spanning production (suppliers), distribution, and consumption as defined by IB according to Kaminski et al. (2020, p. 1883)—is not covered by existing regulations. As such, regulation has not played a supportive role in the development of IB in Indonesia. Moreover, political factors such as the complexity of bureaucracy at both national and regional levels also obstruct the widespread implementation of IB in Indonesia.

Referring to the International Finance Corporation (IFC) (2012, p. 1), one way to support the acceleration of IB implementation is to create a policy environment that fosters regulatory reform, reduces bureaucracy, and promotes public-private engagement through open dialogue. Regarding regulatory reform, it is essential, given the current lack of a legal framework for IB in Indonesia, to conduct a study that leads to policy recommendations proposing a central legal umbrella for IB implementation, potentially incorporated into Law Number 40 of 2007 on Corporate Social Responsibility, or through a dedicated law, as suggested by the ASEAN recommendation (2023, p. 17). This would help guide companies in accelerating both economic growth and community development. Furthermore, reducing bureaucracy is crucial. Former Indonesian President Joko Widodo, as quoted in Turner et al. (2022, pp. 7-8), identified the bureaucracy in Indonesia as being inefficient, ineffective, and rife with corruption, collusion, and nepotism (KKN). As a solution, IFC (2012, p. 1), in line with Turner et al. (2022, pp. 14-16), advocates for bureaucratic transformation, with an emphasis on improving embedded administration. This process must be a top priority and undertaken over the long term, given the complexity and scale of Indonesia's bureaucracy, which cannot be radically shifted quickly. Open dialogue spaces between the public and private sectors are also vital for accelerating IB implementation in Indonesia. According to



ASEAN (2023, p. 14), despite the growing number of IB-based projects, there is still insufficient awareness of the IB terminology, especially among business leaders in ASEAN, particularly in Indonesia. Therefore, it is crucial to increase awareness through stakeholder engagement, particularly by providing dialogue spaces facilitated by government agencies, with business associations playing a key role. These associations bring together business leaders, making dialogue more effective and efficient while promoting awareness of IB implementation.

Next, de-industrialization in Indonesia over the past decade has also become a political factor hindering the growth of IB. According to Dagupta and Shin (2007) in Hara et al. (2023, pp. 8-10), recent years have seen what is termed "premature de-industrialization" in developing countries, including Indonesia. This is characterized by a significant decline in the number of manufacturing industries and an increase in workers in the service and informal sectors. For example, data from Standard and Poor's (SandP) in a release by the Parliamentary Analysis Center, the Expert Body of the Secretariat General of the Indonesian House of Representatives or Pusat Analisis Keparlemenan Badan Keahlian Setjen DPR RI (2024, pp. 1-2), reveals that since April 2024, the Purchasing Manager Index (PMI), which reflects activity in the manufacturing industry sector, has fallen below 50, reaching 48.9 in April 2024, signaling a significant contraction. This decline can be attributed to policies under President Joko Widodo's regime, which have been oriented towards encouraging downstream growth in the capital-intensive extractive industry sector. Additionally, another political factor hindering the development of IB in Indonesia is the mismatch between the national and local governments. This is evident in various aspects of regulation and policy implementation, particularly in the provision of effective regulations and stimuli to increase private sector support for low-income individuals. The central government, through Law Number 40 of 2007 concerning Limited Companies, regulates corporate social responsibility only in extractive industries, specifically mining and oil and gas, requiring these companies to allocate 2.5% of profits annually for social responsibility. However, in regions with limited extractive industries, such as Serang Regency in Banten Province, the private sector's contribution to regional development may not be optimal under the central government's regulations. This is because most industries in these areas are manufacturing-based, which are not required to provide corporate social responsibility.

As a result, the local government of Serang enacted a regulation requiring all companies operating in the area, regardless of sector, to allocate 2.5% of profits annually for corporate social responsibility. However, the enforcement of this regulation faces challenges because many companies feel it contradicts the central government's law, which targets only extractive industries for corporate social responsibility. Consequently, the local regulations lack strong leverage with business leaders in the region. This mismatch also reflects the support for IB implementation in Indonesia. For instance, when the central government, through the Ministry of Cooperatives and MSMEs, seeks to affirm IB implementation, local governments often do not respond promptly with technical regulations that could complement central policies.

In addition to the political and regulatory factors mentioned above, economic factors also play a fundamental role in explaining why IB development in Indonesia has not kept pace with other regional countries and tends to lag. Economic factors influencing this include the lack of government incentives for companies and other stakeholders willing to implement IB as part of their corporate social responsibility. As noted by the IFC (2012, p. 2), stimulus such as government loan facilities for companies implementing IB, as well as incentives for other stakeholders like NGOs and research centres, are crucial in accelerating the growth of the IB model, particularly in developing countries where awareness of social and corporate responsibility is still evolving. This recommendation specifically targets developing

countries because the ecosystem for social responsibility requires significant intervention from government agencies, unlike in developed countries where multinational corporations are already aware of their social impact, often implementing IB without waiting for regulatory incentives. Other economic factors affecting IB development include the lack of understanding of non-segmented markets by companies due to insufficient new market research. Additionally, extortion by unauthorized individuals and civil society organizations reduces companies' trust in spending their social responsibility funds and collaborating with the government and community organizations in implementing social responsibility. The dominant economic factor hindering IB development is the absence of government budget support specifically allocated to intensify IB efforts at both national and regional levels. However, according to IFC (2012, p. 1), government contributions to IB growth, particularly through investments in basic infrastructure such as roads, telecommunications, and electricity, are essential in minimizing market distortions and stimulating growth.

From the overall political-economic analysis discussed above, it is clear that IB in Indonesia has not made significant progress. It has not reached the level of commitment required from stakeholders, including the government, companies, NGOs, and, most notably, low-income communities who have a significant knowledge gap regarding IB. One recommendation from IFC (2012, p. 1) to support IB development is the transfer of knowledge and the comparison of IB models with other countries that have already implemented IB, particularly in sectors such as aquaculture, in comparison to other industries like agriculture, which have more commonly implemented IB.

### **4.3 IB Model Cross-Sector Comparison: Advancement of IB in Aquaculture Comparing to IB in Agriculture**

In its development as a form of social responsibility targeting the BoP (Base of Pyramid) population as both the object and the main subject involved in a company's core business—as producers, distributors, and consumers—IB (Inclusive Business) is more commonly applied by companies and low-income people engaged in agriculture than in other sectors such as aquaculture or extractive industries like mining. This is closely related to the large number of people in the BoP who are engaged in the agricultural sector, as well as the significant number of companies operating in this field in developing countries like Indonesia. Referring to the IFC (2012, p. 6), the majority of companies in developing countries often source their material needs from small farmers. Moreover, as highlighted by the IFC (2018) in German et al. (2020, p. 105019), approximately 75% of people in the BoP category live in agriculture-based environments and rely on agriculture as their primary source of income. The large number of people in the BoP sector and the prevalence of companies in the agricultural industry in countries such as Indonesia are key factors in the greater prevalence of IB in agriculture.

One example of how an agricultural company in Indonesia incorporates small farmers into its core business is the case of a cocoa company. Indonesia, as one of the developing countries with an agricultural sector vital to the country's economy—absorbing 28.79% of the workforce as of 2019 (Setiartiti, 2021, p. 3)—boasts several key commodities contributing significantly to the agricultural economy. One such commodity is cocoa, which, according to the Ministry of Agriculture of the Republic of Indonesia (2023, p. xi), ranks as the fourth largest contributor to Indonesia's foreign exchange in the agricultural sector, particularly within the plantation sub-sector. In 2022, cocoa contributed USD 1.26 billion, or approximately 3% of the total export value of Indonesia's plantation commodities. The magnitude of cocoa's economic contribution is closely tied to the number of jobs it provides, most of which are filled by small cocoa farmers. The involvement of a significant number of small

farmers, most of whom are in the BoP category, and companies engaged in the sector, as detailed in the ICCO Annual Report (2017) and cited in De Boer et al. (2019), forms the basis for this case study of the cocoa industry as a representation of the agricultural sector. This can be compared with case studies in the aquaculture sector within the context of IB in Indonesia.

This research will explain the process of integrating small farmers into companies within the cocoa sector as a potential IB model and the political-economic factors that differentiate the development of IB models in this sector from the aquaculture sector, which is the primary focus of this study.

### **4.3.1 Case of Inclusive Business in Indonesian Cocoa Industry**

In research conducted by De Boer et al. (2019), it was noted that Indonesia, as the third-largest producer of cocoa in the world, producing 290,000 tons per year according to ICCO Annual Report 2017 data, has seen an increase in both the number of companies in the cocoa sector and the number of small farmers, the majority of whom live at the BoP level. The study, which focused on three provinces in Indonesia—West Sumatra, West Sulawesi, and Bali—highlighted how the relationship between medium- and large-scale companies engaged in the cocoa sector and their smallholders has evolved. Since 2005/2006, when the demand for cocoa from Indonesia began to grow exponentially, companies have integrated smallholders into their value chains. This long-term process, driven by economic demand, has made the cocoa production sector in Indonesia a common example of potential IB.

Three different business models have been applied in these regions, depending on local conditions. These models are:

1. Business-Supported Value Chain;
2. NGO-Supported Value Chain;
3. Government-Supported Value Chain.

In West Sulawesi, the Business-Supported Value Chain model has been applied, where the BT Cocoa Organization, a national chocolate producer, facilitates small cocoa farmers' access to multinational companies, such as the Swiss Organization, and provides training to increase the production of high-quality cocoa beans.

In Bali, the NGO-Supported Value Chain model is implemented through the farmer cooperative "Koperasi Kertasemaya," supported by the NGO "Kalimajari." The cooperative acts as an intermediary between large companies and small farmers, helping to certify their cocoa so that it meets the standards required by these companies. Quality assurance certifications are essential, especially for cocoa that will be exported, to ensure competitiveness in international markets (De Boer, 2019, p. 445).

Finally, the Government-Supported Value Chain model is evident in West Sumatra, where the provincial government has initiated the "Nagari Model Cocoa" (NMK), or Cocoa Model Village, aimed at increasing productivity and quality among small farmers. This program, which promotes cocoa-based flagships, has proven effective in significantly raising the income and welfare of low-income communities (71.8%) in the area.

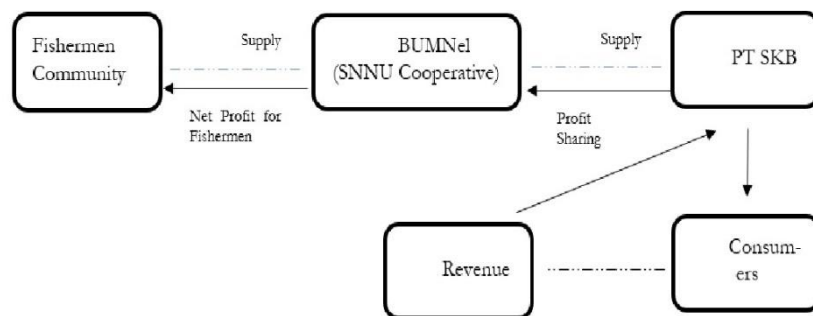
The study concludes that to increase the inclusiveness and scalability of the IB model in the cocoa industry, barriers such as limited access to financial services, training, technology, subsidized inputs, and market linkages must be addressed. These barriers can be mitigated

through the involvement of various stakeholders, including the government, private sector, development banks, and NGOs. However, a key difference between the implementation of IB in the agricultural sector (cocoa) and the aquaculture sector in Indonesia is that, while there are no specific regulations or legal frameworks for IB in Indonesia, the agricultural sector benefits from government regulations that encourage the involvement of small farmers, as outlined in Law No. 19 of 2013 on Farmer Protection and Empowerment. In contrast, there is no similar law governing fishermen, such as Law No. 7 of 2016, which addresses the protection and empowerment of fishermen, fish farmers, and salt farmers.

#### 4.3.2 A Comparison to Potential IB in Aquaculture Sector: A Case of BUMNel and Women Business Entity Group in the Fishermen Community at Salira Village, Serang Regency, Banten Province

Referring to the three models outlined by de Boer et al. (2019), the IB model implemented in the Fishermen's Community at Salira Village tends to align with the NGO-supported model. This is because, in the implementation phase, cooperatives are used as a link between the BoP (Fishermen Community) and the company's value chain. Using this model, the business outline of BUMNel by PT SKB and the Women Business Entity Group in Salira Village is as follows:

BUMNel:



Women Business Entity Group:



**Figure 2 Business Model of BUMNel and Women Business Entity Group**

Intermediary actors, particularly in the potential IB model represented by BUMNel, play a dominant role in implementing IB compared to other stakeholders. As noted by de Boer et al. (2019) regarding IB in the cocoa industry sector, the aquaculture sector, including the project in the Fishermen Community at Salira Village, faces challenges in accessing financial services, subsidies, technology, and, most critically, market linkages.

The lack of access to financial services and subsidies stems from the absence of a capital financing scheme for fishermen, as there is no legal entity such as a PT or CV that

could serve as collateral for banks. Therefore, the establishment of legal entities such as co-operatives or companies could be a solution to this issue. A unique financing scheme for fishermen shareholders is also essential and should be regulated by the government, considering that fishermen's business entities differ significantly from medium- and large-scale enterprises, making them less likely to compete in formal financing applications. Furthermore, the lack of access to technology remains a chronic issue in the Fishermen Community, where the majority live below the poverty line. The low education participation rate exacerbates the technology gap, even though technology is crucial for IB implementation, such as operating devices and machinery. The presence of NGOs and government support for technological infrastructure and education in fishing areas is a potential solution to this problem. Additionally, fishermen in coastal regions require better access to market linkages due to limited knowledge and the dominance of local intermediaries in purchasing marine products. In this case, the role of business entities or companies is critical, as their dominance is necessary to connect small, local markets with the company's more expansive market. This connection could even link to the global value chain, particularly through export processes managed by the company.

In summary, the comparison between the progress of the IB/potential IB model in both sectors can be illustrated in the following table:

IB in Indonesian Agriculture Sector	IB in Indonesian Aquaculture Sector
Relevance Law which regulates the involvement of small farmers in the trading agriculture industry, namely Law Number 19 of 2013 concerning Farmer Protection and Empowerment	No Relevance regulation about Involvement of Small Fishermen in Law Number 7 of 2016 concerning Protection and Empowerment of Fishermen, Fish Farmers, and Salt Farmers
The large number of companies engaged in agriculture is because Indonesia once relied on this sector of its economy	The number of medium-to-high-scale companies engaged in fisheries is small even though Indonesia declares itself as a maritime country
There are three support models for IB implementation, namely the business-support model, the government support model and the NGO-support model	As far as the author's observation of the IB implementation from two case studies on the Fishermen Community in Salira Village, Serang Regency, Banten Province refers to only two support models, namely the NGO-support model and the Business-support model
The main problems for implementing IB in the agriculture sector in Indonesia are Lack of Access to financial services, training, technology, input subsidies and market linkages	The main problem for implementing IB in the aquaculture sector in Indonesia is Lack of Access to financial services, technology, and market linkages

**Table 5 Comparison between Indonesian IB in Agriculture to IB in Aquaculture sectors**

From the comparison table above, it is evident that there is a political-economic gap between Indonesia's agriculture and aquaculture sectors. This gap highlights how the development of IB in these two industries is in different stages, with the agriculture sector being more advanced, largely due to its supportive system and best practices, which are more developed than those in the aquaculture sector. However, when reflecting on the Fishermen Community at Salira Village, Serang Regency, Banten Province, there is a slight advantage in terms of limited access, specifically to training for fishermen, which is relatively good due to support from the government, companies, and NGOs involved.

This comparison further highlights the lag in implementing IB in Indonesia's aquaculture sector, particularly when compared to the agriculture sector. The implementation of IB in Indonesia also needs to catch up with that of other ASEAN countries. Thus, the lag in IB implementation in the aquaculture sector proves that stakeholders need to focus more on strengthening IB in Indonesia's aquaculture sector, which, like agriculture, is a crucial pillar of the national economy. The results of this comparison will inform the author's analysis in the next chapter, specifically in assessing the extent of inclusivity in implementing IB in the aquaculture sector, using the case study of the Fishermen Community in Salira Village, Serang Regency, Banten Province.

## Chapter 5.0

### Outcome of the Study

This chapter elaborates on data collected from interviews with respondents representing stakeholders involved in implementing the potential IB program, BUMNel by PT SKB and the Women Business Entity by PT IP 8. The data from these interviews will be presented in thematic groups, each relating to the sub-questions (see page 6) that form the basis of this research. Three themes were identified from grouping the data based on stakeholder groups and case study programs. These themes were developed from the most frequently occurring answers from the respondents. This chapter will answer sub-questions 1 and 2 of the study. Furthermore, the thematic groups will be aligned with the existing research framework to analyze the central question of this research, which will be discussed in the next chapter, along with sub-question 3, which is closely related.

### 5.1 High Dependence of Fishermen on the Stakeholder's Assistance

This sub-chapter addresses the first of the study's sub-questions: "How can the IB model be made more sustainable by helping fishermen become more independent in operating the business?" The interview results regarding BUMNel reveal several statements, particularly from the fishermen, indicating their continued heavy reliance on other stakeholders, namely SNNU and PT SKB, to effectively operate BUMNel. Below is a quote from a fisherman's statement:

"In the near term (the next 2-3 years), we urgently need assistance from PT SKB and SNNU to operationalize this BUMNel. This is because, among the many existing Fishermen's Business Groups, only three groups are seriously and routinely paying attention to the fishermen's business scheme initiated by PT SKB and SNNU. However, we will continue to try to engage more fishermen, and ultimately, this BUMNel will be able to run independently and supply not only to PT SKB."<sup>3</sup>

- Saptuni (Fishermen)-

"In the coming years, we still need assistance in the business operations and finances of BUMNel through cooperatives. It is hoped that during this period, we can receive more intensive training so that, when the support ends, we can manage ourselves effectively and this BUMNel can operate sustainably. Furthermore, the benefits could increase and expand for fishermen, not only in Salira Village but throughout Banten."<sup>4</sup>

- Salimudin (Fishermen)-

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<sup>3</sup> Interview with F1, in Salira Village, Serang Regency, Banten Province (19 August 2024)

<sup>4</sup> Interview with F2, in Salira Village, Serang Regency, Banten Province (19 August 2024)

These two quotes reflect the significant dependence on SNNU and PT SKB in the operationalization phase of BUMNel, which contributes to a lack of self-confidence about running the business independently in the near future. This issue requires particular attention, especially for PT SKB, which has a limited program assistance period, as shown in the following quote:

“In our projection, we are committed to investing social responsibility funds and resources in this project for at least five years. After this period, we will evaluate the progress of the program and the company’s business condition. In the future, we hope this community-based BUMNel can become a formal business entity through cooperatives, CV PT, or scale-up.”<sup>5</sup>

- M. Azis (President Commissioner of PT SKB)-

In the implementation of the IB Women Business Entity Group project, the problem of dependence on the BoP group, in this case, the wives of fishermen, is also a serious concern. This is reflected in the following quotes:

“Hopefully, in the future, we will continue to be supported by PT Indonesia Power 8 and the Serang Regency Government because we are not ready to operate independently, given that our human resources are still limited.”

- Sarmaeni (Wives of Fishermen/Head of Nyimas Samudera Group)

This issue poses a challenge to the sustainability of the IB project, as PT IP 8 also indicates that their program assistance is time-bound, as expressed in the following quote:

“Like the duration of our other programs, we aim to provide full support for this initiative for five years. Next year will be the final year of our full assistance. We hope that, even after that, this business unit can run independently, though we will still provide both direct and indirect support.”<sup>6</sup>

- Anindita Dian Safira (Community Development Officer PT IP 8).

Meanwhile, from the government side, it also highlights the dilemma between sustainability and IB independence, which currently relies more on private sector initiatives and

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<sup>5</sup> Interview with P1, in Jakarta (14 August 2024)

<sup>6</sup> Interview with P2, in Salira Village, Serang Regency, Banten Province (18 August 2024)



how, ideally, the role of both regional and central governments in this case can be seen in the following quotes:

“Performance-based incentives should be provided for local governments that have succeeded in collaborating with the private sector and NGOs to achieve national targets, such as improving community welfare. These can be in the form of an increase in Regional Financial Transfer (TKD) funds that are distributed proportionally to relevant agencies by the amount of target achievement. In addition, there must also be incentives for the private sector so that the program can be sustainable and duplicated in other regions”.<sup>7</sup>

- Hilman (Representative Officer of Serang Regency, Banten Province)-

## 5.2 Solving the Uncertainty

The next theme explores the impact of the potential IB project implemented in Salira Village, Serang Regency, Banten Province. Many stakeholders expressed that the presence of potential IB projects, both BUMNel and the Women Business Entity Group, at least provides a solution to the fundamental problem of fishermen, which is income uncertainty. The following excerpt reflects this sentiment:

“Why did they choose to form a business entity through fishermen's business groups coordinated by SNNU via the SNNU cooperative? Economic factors, such as increasing and stabilizing fishermen's household income, are primary needs that must be addressed before tackling other issues.”<sup>8</sup>

-M. Azis (President Commissioner of PT SKB)-

“The establishment of BUMNel is urgent because primary needs, such as clothing, food, and shelter, must be met before addressing other problems and improving welfare through coordinated economic instruments. Providing income certainty for community households, such as BUMNel, is the right alternative.”<sup>9</sup>

-Frans Santoso (Secretary of SNNU Banten Province)-

“The main problems of fishermen are poverty, the high cost of maintaining the ship and equipment, and the difficulty of earning income when bad weather prevents us from going to sea.”<sup>10</sup>

- Saptuni (Fishermen)-

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<sup>7</sup> Interview with G1, in Serang Regency (09 August 2024)

<sup>8</sup> Interview with P1, in Jakarta (14 August 2024)

<sup>9</sup> Interview with N1, in Serang Regency (09 August 2024)

<sup>10</sup> Interview with F1, in Salira Village, Serang Regency, Banten Province (19 August 2024)

“For those of us participating here, it is beneficial to have financial support. We now have spare money to cover household expenses when times are tough. The husbands currently managing BUMNel also have their own funds, so the financial stability of our households is maintained even when we cannot go to sea.”<sup>11</sup>

- Sarmaeni (Wives of Fishermen/Head of Nyimas Samudera Group)-

These quotes emphasize that the presence of potential IB projects in the fishermen's community has a positive impact on improving the welfare of fishermen, who are typically part of marginalized and poor communities. One of the significant benefits of the implementation of these IB projects is that they address one of the most pressing issues faced by the fishing community—income uncertainty—caused by the heavy dependence on weather conditions that determine whether they can go fishing or not.

### 5.3 Conclusion of The Chapter

From the sub-themes above, it is clear that the implementation of IB since 2020 in the Fishermen Community in Salira Village, Serang Regency, Banten Province, still faces obstacles, particularly the fishermen's dependence on other stakeholders involved in the BUMNel and Women Business Entity Group projects. This dependence could pose a long-term issue, threatening the sustainability and viability of both BUMNel and the Women Business Entity Group if no intervention is made during the program period. Such interventions could include accelerating the development of the fishermen's competencies for IB operationalization, thereby fostering the emergence of professional organizational leaders from the Fishermen Community itself. Furthermore, in terms of the impact of IB, both BUMNel and the Women Business Entity Group have contributed to improving the welfare of the Fishermen Community in Salira Village by providing income certainty through transactions with the company. This income serves as an economic buffer, ensuring financial stability even in the event of bad weather, and helping to lift the fishermen out of the BoP cluster.

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<sup>11</sup> Interview with F3, in Salira Village, Serang Regency, Banten Province (18 August 2024)

## Chapter 6

### **The Role of IB to the Inclusiveness of the Fishermen Community at Salira Village, Serang Regency, Banten Province**

This chapter will discuss the role of Inclusive Businesses, specifically those run by PT SKB in the form of BUMNel and PT IP 8 in the form of the Women Business Entity Group, in Salira Village, Serang Regency, Banten Province. It will focus particularly on the inclusiveness of the project's implementation, addressing the third sub-question and the main research question of this study (see page 6). Additionally, this chapter will examine the impact on the Fishermen Community in Salira Village after the introduction of the IB project, both BUMNel and the Women Business Entity Group, with a primary focus on the inclusiveness that has emerged from these IB initiatives. The analysis of inclusiveness in the IB project will be based on the Inclusive Framework developed by Vermeulen and Cotula (2010), which uses four indicators: Ownership, Voice, Risk, and Reward. In this chapter, the two case studies will be analyzed according to these four indicators, as well as the themes derived from the interview results in Chapter 5. Moreover, secondary data analysis based on the literature reviewed in Chapter 2 will provide a theoretical foundation for evaluating the extent to which the two IB projects meet the criteria for inclusive IB projects. This chapter will not only assess whether the two IB projects implemented for the Fishermen Community in Salira Village can be categorized as inclusive, but will also consider the development of Social Legitimacy for the Private Sector in Indonesia and the influence of political and economic factors. While the context of these factors will be addressed separately in an individual analysis, they will serve as an introduction and supportive narrative for the main focus of this research—the inclusiveness of IB projects in the aquaculture sector, particularly within the Fishermen Community in Salira Village.

#### **6.1 Fishermen Fully Ownership Enterprises**

This sub-chapter addresses the third sub-question in this study: “How influential is each institution in the IB project when measured based on Ownership, Risk, Voice, and Reward (Inclusive Framework)?” In the context of aquaculture, particularly in the capture fisheries sector, trade is not typically a common practice among fishermen. Instead, within the supply chain, fishermen tend to accept existing offers rather than negotiate with intermediaries and sellers in traditional fish markets. This aligns with Kahar’s findings (2023, p. 204), which highlight that small fishermen and fishing workers live in extreme poverty due to both natural factors—such as unpredictable weather and environmental crises—and non-natural factors, including inequality in the profit-sharing system and the dysfunction of existing fishermen's cooperatives.

To address the low bargaining power of fishermen in the seafood trade value chain, which hinders their ability to escape poverty, a solution, aside from direct government intervention—which is often complicated by bureaucracy and limited budgets—can be found in collaboration with the private sector operating in coastal areas. One approach is adapting the entrepreneurial model established in the corporate sector to small fishing communities. According to Torres and Duarte (2021, p. 393), since the mid-2000s, the private sector and large companies have begun to target low-income people as part of their business strategies to alleviate community welfare problems. This has also opened a new non-market target for

companies in the global value chain. One emerging concept for poverty alleviation and improving the welfare of low-income people, including fishing communities, is through entrepreneurial initiatives, which emphasize shared governance between the private sector, government, and civil society. This concept is known as Inclusive Business (IB).

In the context of this research, the implementation of IB was carried out by PT Samudera Karunia Bersama (SKB) in collaboration with the Nahdlatul Ulama Fishermen Alliance (SNNU) through its Cooperative, as well as a business group that later became known as Fishermen-Owned Enterprise (BUMNel). Based on interview results and in relation to the first sub-question of this study—concerning the influence of each institution in the IB based on the Inclusive Framework (Ownership, Voice, Risk, and Reward)—similar patterns of responses were found from representatives of each institution involved in the BUMNel project regarding the indicators in the framework. Concerning ownership, the answers obtained from representatives of PT SKB (the private sector), SNNU (NGOs), and Mr. Saptuni and Mr. Salimudin (representatives of the Fishermen's sub-group in Salira Village) are as follows:

“There has been no formal agreement on profit sharing between BUMNel and PT SKB. So far, the existing formal presentation only implies that BUMNel's main supply of marine products is to PT SKB at a previously agreed-upon price.”

– M. Azis (President Commissioner of PT SKB)-<sup>12</sup>

“So far, there are no formal equity share documents. The existing formal agreement focuses on BUMNel's main supply of marine products to PT SKB at a previously agreed-upon price. Additionally, all the initial assets invested in the SNNU Cooperatives for the BUMNel program are in the name of the cooperatives. These assets are fully for BUMNel, which is entirely owned by the fishermen here.”<sup>13</sup>

– Frans Santoso (Secretary of SNNU Banten Province)-

“For the ownership of assets invested by PT SKB, such as boat assistance, initial capital, and other grants given, we are assisted by the cooperative to nominate the value per asset and then record the ownership on behalf of the Salira Village fishermen business group in the cooperative. For the distribution, we record it under a single name and not per existing group to make it easier. SNNU did not ask for a share of these assets, let alone PT SKB itself.”<sup>14</sup>

– Saptuni (Fishermen)-

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<sup>12</sup> Interview with P1, in Jakarta (14 August 2024)

<sup>13</sup> Interview with N1, in Serang Regency (09 August 2024)

<sup>14</sup> Interview with F1, in Salira Village, Serang Regency, Banten Province (19 August 2024)

“Mr. Saptuni and Mr. Frans may have also explained the distribution of profits. The distribution of profits every month is carried out proportionally to each business group and later distributed equally by each group, similar to a monthly salary. SNNU benefits from the members' cooperative discounts, which, by agreement, they have the right to use as funds for collaborative development and operations. PT SKB benefits from fixed stock at prices that are not too volatile from transactions with this BUMNel scheme. However, they do not ask for profits from BUMNel directly.”<sup>15</sup>

– Salimudin (Fishermen)-

From the interviews with the stakeholders above, it can be seen that the ownership of BUMNel in the fishermen's community in Salira Village is expressed in the form of a cooperative owned by SNNU. In terms of ownership of assets and business results, the majority belongs to the fishermen who are members of the cooperative or, in this case, the fishermen's business group in Salira Village. Meanwhile, SNNU, as an intermediary actor, also has a small ownership stake in the cooperative, mainly from a cut of the transaction proceeds, which are used as cooperative operational costs with the approval of the members who are Salira Village fishermen. On the other hand, PT SKB has no ownership of BUMNel as it provided initial and running funding as a grant for BUMNel, while benefiting from stable prices and fixed suppliers for their trading needs.

In another IB initiative implemented in Salira Village, namely the Women Business Entity Group initiated by PT IP 8, the context of ownership can be found in an interview excerpt with the fisherman's wife, who is also the head of the Nyimas Samudera Group, a business group for fishermen's wives in Salira Village. The interview excerpt is as follows:

“The distribution of profits in processed snacks is proportional to the contribution of the people who participate because not all women here want to contribute. If there is a loss and the business goes bankrupt, we have asked PT Indonesia Power 8 not to ask for a penny of what they gave us, so yes, we can cover the loss by selling the existing assets.”<sup>16</sup>

- Sarmaeni (Wives of Fishermen/Head of Nyimas Samudera Group)

From this quote, we can infer that the ownership of the Women Business Entity Group is indicated by Ms. Sarmaeni's statement regarding the potential sale of assets in the event of a loss. She explained that if there is a loss in the business provided by PT IP 8, the Women Business Entity Group can sell the assets. This suggests that the ownership of the company's assets provided initially is fully owned by the Women Business Entity Group, which is managed by Nyimas Samudera Group and led by Ms. Sarmaeni.

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<sup>15</sup> Interview with F2, in Salira Village, Serang Regency, Banten Province (19 August 2024)

<sup>16</sup> Interview with F3, in Salira Village, Serang Regency, Banten Province (18 August 2024)

## 6.2 The Inclusiveness of BUMNel and Women Business Entity Group in the Fishermen Community Salira Village, Serang Regency, Banten Province

As discussed in previous chapters, the main focus of this study is to explore the inclusivity in the implementation of two potential IB projects applied to and by the Fishermen Community in Salira Village, Serang Regency, Banten Province, namely BUMNel and the Women Business Entity Group. The use of the Inclusive Framework, as proposed by Vermeulen and Cotula (2010), in this research is intended to produce an in-depth analysis of the inclusivity of the project implementation with clear and detailed qualitative indicators. In the following subchapter, the two potential IB projects will be analyzed according to the indicators stated in the Inclusive Framework, supported by external factors, including the Social Legitimacy Factor and the Political-Economic Factors. These factors are crucial in understanding how the impact produced by the IB project affects inclusivity and changes in the welfare of fishermen and fishing households in Salira Village, Serang Regency, Banten. A brief analysis of the inclusiveness of the BUMNel and Women Business Entity Group projects, based on the Inclusive Framework, is as follows:

### BUMNel by PT SKB

Ownership	Fully Owned by the members of SNNU's Cooperative which members are Fishermen at Salira Village
Voice	Equal voices between PT SKB, SNNU and Fishermen in the key decision making of BUMNel
Risk	All risks are borne by BUMNel itself. All assets invested by PT SKB at first not requested back and can be sold to cover the losses of BUMNel
Reward	Fishermen get a portion of fish sales according to what their group supplies after deducting a 0.5% discount per transaction for the operational needs of cooperatives managed by SNNU. The profits are fair because fishermen have standby buyers who can accept their oversupply as stock if the weather is terrible and fishermen cannot fish. Hence, they no longer need to be uncertain about their income at that time. PT SKB gets an advantage in the form of a standby supplier at a price they can maintain, making it possible to keep the selling price competitive even during a famine. Meanwhile, SNNU obtained profits from cooperative operational funds due to deductions for transactions between fishermen and PT SKB.

Table 6 BUMNel in the Inclusive Framework

### Women Business Entity by PT IP 8

Ownership	Assets fully owned by Nyimas Samudera Group (wives of fishermen at Salira Village).
Voice	All initiative of business innovation comes from the Woman, but they must get a permit from PT IP 8 to get support
Risk	All risks are borne by the Women Business Group Entity itself, which is fully maintained by the Nyimas Samudera Group. However, they can sell the assets invested by PT IP 8 if they need to cover the losses.
Reward	The women's business entity gets a 40% turnover per pack of their sales to PT IP 8. Then, sales are distributed proportionally to Nyimas Samudera Group members who work from production to distribution. Net profit on sales per pack is around 10%. PT IP 8 benefits from being able to meet the needs of guests and corporate events at prices below market prices while getting a good brand image portfolio.

Table 7 Women Business Entity Group in the Inclusive Framework

## 6.2.1 Ownership

In the Inclusive Framework, one of the key indicators of whether a project can be considered inclusive is the question of ownership of the project. In the context of IB based on social responsibility in the form of an entrepreneurship model, such as IB, as outlined by Schoneveld (2020, p. 10), the issue of ownership of business entities and their assets is crucial in determining whether the IB can be classified as inclusive. In the case of BUMNel, as indicated by the results of interviews with three stakeholders—namely PT SKB, SNNU, and the Fishermen Community itself—and as reviewed in the theme of "Fishermen Fully Owned Entrepreneurship" in Chapter 5, BUMNel is a new business entity established by the Fishermen Community in Salira Village, Serang Regency, Banten Province. This entity was created based on transaction needs between the Fishermen Community and PT SKB, which serves as a permanent buyer for the fishermen's fish supply. Given the urgency when the program was launched in 2022, BUMNel utilized the legal framework of the SNNU Cooperative, which had previously been an ordinary cooperative and not yet a platform for trade or business transactions.

Specifically, the ownership process in BUMNel aligns with the business model referred to by Vermeulen and Cotula (2010, pp. 73-74) as a Farmer-Owned Business. In the context of this IB project, this can be called a Fishermen-Owned Enterprise. Ownership of BUMNel follows the same principle as ownership in cooperatives. Referring to Vermeulen and Cotula (2010, p. 73), the cooperative principle is an ownership model used in the Farmer-Owned Enterprises business model within IB. According to the International Cooperative Alliance (ICA) (2009), a cooperative is defined as an association of individuals with a shared background or autonomous interests that aims to bring together economic, social, and cultural interests through jointly owned and democratically controlled enterprises. This is in line with the ownership of BUMNel's assets, which are entirely held by cooperative members—namely, the Fishermen Community and the management of SNNU Banten, who are involved as BUMNel administrators. The disadvantage of this model is that, because ownership is shared among all members, all fundamental decisions, such as profit distribution and the use of assets, must be made through a members' meeting and/or an annual members' meeting that involves both management and all members.

The cooperative management structure in BUMNel is as follows:

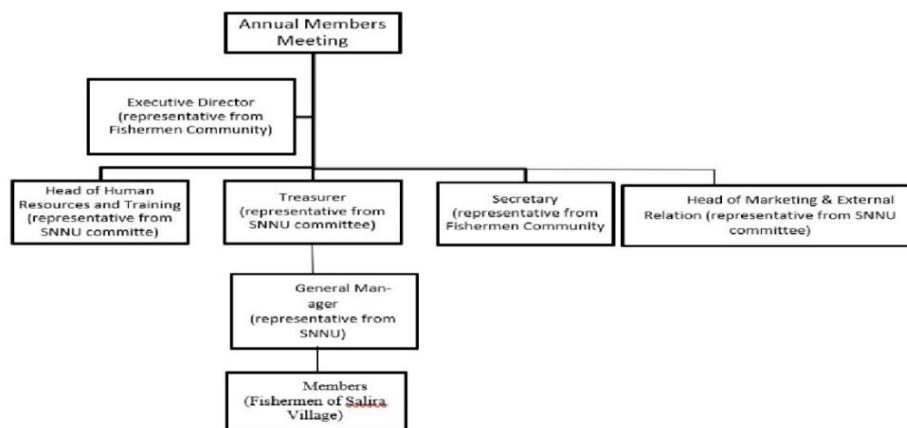


Figure 3 Organization Structure of BUMNel

The figure above shows that the highest management position in BUMNel is the Annual Members' Meeting (RAT). The RAT forum is the highest body where critical decisions, such as the distribution of residual business results (SHU) from business units, will be determined by the percentage allocated to each member, alongside issues concerning assets and ownership. In addition to the RAT, a Member Meeting can also be held for daily decision-making matters, such as the distribution of profits per transaction each month and the allocation of discounts for the cooperative itself. The advantage of this cooperative model is that decisions can be made democratically, ensuring that the interests of each cooperative member are the primary consideration. However, as Vermeulen and Cotula (2010, p. 73) point out, the disadvantage of this model is the inefficiency of the decision-making process, as meetings must be held to hear the members' aspirations before making decisions related to money and assets. This process can be time-consuming and may hinder business innovation that requires quick execution. Therefore, according to Vermeulen and Cotula (2010, p. 73), a more suitable model for Farmer-Owned Enterprises would be the creation of a farmer-owned company, or, in the Indonesian context, a legal entity in the form of a CV or PT, to manage BUMNel. This would make corporate actions more accessible and enable BUMNel to scale up. However, the concern among fishermen is their unpreparedness to manage corporate activities effectively. If this were to happen, their role in decision-making within BUMNel could be reduced in favor of more professional managers. Reflecting on the situation and conditions, the cooperative model used in BUMNel, where the ownership of BUMNel includes assets and profit-sharing (outside the agreed deduction for cooperative operational costs), is wholly owned by the members, or in this case, the Salira Village fishermen. Thus, in general, the ownership of BUMNel can be classified as inclusive. However, in terms of management, the dominance of SNNU as an NGO or intermediary actor in the core management must be gradually reduced by providing structured training for the fishermen representatives, who currently lack expertise in certain fields. This will help ensure that, in addition to ownership, the management of BUMNel can eventually be handled independently by the fishermen themselves.

Furthermore, for the Women Business Entity Group, as described in Table 7 of this chapter, asset ownership and profit sharing are managed by a group of fishermen's wives in Salira Village called Nyimas Samudera Group. The organizational structure of the IB potential project manager in partnership with PT IP 8 is simple, with a Chairman and Secretary who also serves as Treasurers, and the rest are members. In terms of asset ownership and business model, this IB also follows the Farmer-Owned Business model, as described by Vermeulen and Cotula (2010, p. 73), and uses the cooperative principle in its management. Each member benefits from the business's results according to their contribution, and this is carried out in small meetings. Without NGO involvement in this project, the Fishermen's wives, also known as Fisherwomen, manage the business independently. The active, dominant, and independent involvement of Fisherwomen in the IB challenges the stereotype of women's roles in the aquaculture industry, which are often seen as supporting roles, as conveyed by Koralagama et al. (2017, pp. 1-6). The assets and wealth provided by PT IP 8 as part of its social responsibility, in the form of grants, are also managed separately, demonstrating that this potential IB is inclusive in terms of ownership.



### 6.2.2 Voice

In the context of Voice as an inclusiveness indicator of an IB, according to Vermeulen and Cotula (2010), both BUMNel and Women Business Entity groups that use the Farmer-Owned Business model adopt the principle that all members' aspirations must be heard and incorporated into organizational decision-making. If there is a vote for decision-making, each member has the same vote. This is consistent with the characteristics of Voice in IB projects that use the Farmer-Owned Business model, where the emphasis is on the one-person, one-vote system when applying cooperative principles in IB management. In the case of BUMNel, each cooperative member has an equal Voice in decision-making, regardless of whether they are an administrator or just an ordinary member. Similarly, in the Women Business Entity group, each member can express their aspirations regarding business and development decisions. This indicates that, in terms of the operationalization of IB in Salira Village, Serang Regency, Banten Province, the Fishermen Community, as a group at the base of the pyramid (BoP), has had its Voice considered in the decision-making process related to the implementation and development of the IB. Therefore, it can be categorized as an inclusive IB in this indicator.

### 6.2.3 Risk

Risk in an inclusive framework refers to how stakeholders involved in IB share responsibilities when problems arise in the IB business entity (Vermeulen and Cotula, 2010). In the context of IB in the Fishermen Community in Salira Village, Serang Regency, Banten Province, as outlined in Table 7 and discussed in the chapter's outcome, if business problems or losses occur within BUMNel, the responsibility will fall on BUMNel itself, which is managed independently by the fishermen. If the losses are significant, the BUMNel assets, which were granted by PT SKB, can be used to cover the losses. There is no need to share the proceeds from the sale of these assets with PT SKB, as they have been fully transferred to BUMNel. Similarly, for the Women Business Entity Group, the assets owned by the business entity, which were granted through social responsibility from PT IP 8, can be used independently by the IB, including to cover losses resulting from mistakes in corporate actions that lead to significant financial setbacks. This aligns with Vermeulen and Cotula's (2010, pp. 73-74) description of Risk in the Farmer-Owned Business model, where the company (BUMNel) must serve as a guarantor for each member in the event of losses, ensuring that these do not affect the personal wealth of individual members. In other words, BUMNel becomes a risk pool for its members, in this case, the Fishermen Community of Salira Village, Serang Regency, Banten Province. However, a challenge in the Risk indicator for both projects is the lack of involvement of the company in mitigating IB losses beyond granting power of attorney for the use of BUMNel assets. Despite this, overall, both potential IB projects meet the criteria for inclusive IBs within the risk framework.

### 6.2.4 Reward

Rewards in an inclusive framework are designed to provide costs and shared benefits within an IB business entity, including matters related to price-setting and financial arrangements (Vermeulen and Cotula, 2010, p. 5). In the context of the IB project within the Fishermen Community in Serang, Banten Province, as detailed in Tables 6 and 7, the distribution of rewards in the form of profits is managed independently, without intervention

from the supporting companies. In the case of BUMNel, for example, monthly profit distribution is managed by BUMNel, where the monthly profit from transactions is distributed proportionally to the fishermen cooperative members based on how much they supply to PT SKB. SNNU benefits from managing the BUMNel portfolio and the management fees from BUMNel, which are derived from a 0.5% transaction discount with PT SKB. These funds help support BUMNel's operational costs. In the future, BUMNel's portfolio could enhance the image of SNNU's cooperative, enabling them to participate in larger projects.

Meanwhile, in the Women Business Entity Group, rewards consist of 40% of the proceeds from product sales to PT IP 8, which serve as capital for further production. The remaining 60% of sales profits are distributed proportionally to each fisherwoman involved in production and restaurant management within the group. The net profit is 10% per product pack supplied to PT IP 8. PT IP 8 benefits from these supplies for their company's guest needs at affordable prices. According to the Reward indicator, as outlined by Vermeulen and Cotula (2010, pp. 73-74), both BUMNel and the Women Business Entity Group can be categorized as inclusive IBs.

## **6.3 Conclusion of The Chapter**

In conclusion, as described in the analysis of each indicator in the Inclusive Framework, both IB projects—the BUMNel and Women Business Entity Group—can be considered inclusive IBs in terms of Ownership, Voice, Risk, and Reward, although there are some areas for improvement. Specifically, the full transfer of business risks from the companies (PT SKB and PT IP 8) to the IB entities is an area of concern, particularly since the business operations of BUMNel and the Women Business Entity Group are not yet fully professional, with most of the management being composed of fishermen. It is hoped that, eventually, the businesses will be fully managed by the fishermen, which would help avoid potential losses and ensure long-term sustainability.

## Chapter 7

### Conclusions

This research stems from a fundamental idea of how to view the implementation of corporate social responsibility, particularly in the field of aquaculture, which follows a model different from the commonly applied ones in Indonesia and which meets the characteristics of a potential Inclusive Business (IB). This resonates with the author, as the author is part of the NGO involved in the initial design of the project initiative, based on a simple idea: how a region with thousands of private companies can involve these companies in the development of the community. In this case, the Fishermen Group, which is often associated with unwelfare, is central.

After consultations with the involved parties and several years of program implementation, the author sought to assess the success of the program, particularly in terms of inclusivity, a fundamental element of a project that can be termed an IB. In this context, the author applies the Inclusive Framework created by Vermeulen and Cotula (2010), which divides the inclusivity of an IB project into four components: Ownership, Voice, Risk, and Reward. These components were then used to analyze the inclusiveness of two programs operating in Salira Village, Serang Regency, Banten Province: BUMNel, initiated by PT SKB and SNNU as NGOs, and the Women Business Entity Group, initiated by PT IP 8, specifically aimed at empowering fishermen's wives, who have often been excluded from programs aimed at improving the welfare of fishermen.

The author mainly uses this framework in this research to answer the main research question: "How does the Inclusive Business project in the Fishermen Community at Salira Village, Serang Regency, Banten Province meet the aspects of inclusiveness?" Based on literature analysis and direct interviews with the project implementation area, which were incorporated into the framework, it was found that both BUMNel and the Women Business Entity group were quite inclusive in fulfilling the four indicators of the framework. A key observation is that because the framework is qualitative, it cannot be measured rigidly in terms of percentages or values for each indicator, and it is difficult to gauge how inclusive BUMNel and the Women Business Entity Group truly are. Additionally, the framework does not accommodate the dimension of gender inclusivity, so the author conducted a comparative case study from BUMNel, which does not actively involve fishermen's wives.

Furthermore, to address the main research question, this study also explores three sub-research questions. The first sub-question is: "How can the IB model be more sustainable by empowering fishermen to operate their business independently?" The study found that the fishermen in Salira Village remain highly dependent on the support from PT SKB and SNNU during the operational and maintenance stages of BUMNel. While there is an intention among the fishermen to become more independent, the analysis of their responses indicates that more time is needed to achieve this independence. At the same time, PT SKB, as the program funder, has a five-year time limit for full program assistance. SNNU, as an NGO, also has limitations in its ability to operate the program without further support from PT SKB. As the fishermen remain dependent, BUMNel has not received other funding apart from the transactions with PT SKB. Similarly, for the Women Business Entity Group, Nyimas Samudera has a higher dependence on PT IP 8's absorption of their products due to smaller transaction volumes compared to BUMNel. Like PT SKB, PT IP 8 provides five years of program assistance, after which the group is expected to operate independently, though with less extensive support.

The second sub-research question, "To what extent can Inclusive Business improve the welfare of the Fishermen Community in Banten Province?" revealed that one issue that could improve welfare is the uncertainty of income among the Fishermen Community, as they cannot go to sea during bad weather. Despite this, transactions with the companies continue using stock stored in cold storage at BUMNel and the refrigerators used by the Women Business Entity Group.

The final sub-question is still related to the main research question: "How influential is each institution in the IB project when measured based on Ownership, Risk, Voice, and Reward (Inclusive Framework)?" The analysis using the Inclusive Framework reveals that in terms of Ownership, the fishermen are the most influential because all asset ownership is in the name of BUMNel, which uses the SNNU Cooperative as its formal institution, with the fishermen in Salira Village as the main members. SNNU acts as the administrator of the cooperative, which serves as the BUMNel entity, and has the right to share profits from transactions (0.5%), but does not own the assets of BUMNel.

Both PT SKB and the Government of Serang Regency are not included in the management hierarchy or ownership of BUMNel. Therefore, in terms of ownership, BUMNel itself is not influential. However, PT SKB, by making BUMNel one of its suppliers for the core business, still maintains a sense of ownership through regular monitoring of BUMNel's financial reports on a monthly basis. In conclusion, regarding ownership, the fishermen are the most influential stakeholders. Furthermore, in terms of voice, the fishermen have the largest number of members in the management of BUMNel, making them the most influential in determining critical decisions. Meanwhile, both SNNU and PT SKB serve as support and advisory entities in BUMNel's decision-making process. In terms of risk, referring to the Inclusive Framework, both the fishermen and SNNU are primarily responsible for the management of BUMNel. However, PT SKB is the most disadvantaged party in the event of a loss, as the assets initially invested in BUMNel all come from PT SKB and can be sold to cover any losses incurred. Finally, regarding rewards, each stakeholder—fishermen, SNNU, and PT SKB—benefits proportionally according to their respective shares. Upon deeper analysis, PT SKB is likely to receive the most material reward if the IB project runs sustainably, even after no longer providing direct support, as they can lock in a stable price for the fish, even during market price fluctuations.

In the case of the Women Business Entity Group, the terms of ownership, voice, risk, and reward are almost identical to those in the BUMNel Inclusive Framework analysis. In this case, the low-income individuals—specifically the wives of fishermen in Salira Village, Serang Regency, Banten Province, who are members of the Nyimas Samudera Group—are the most influential parties in the program's operation. PT IP 8 acts solely as a supporting system and evaluator for the program.

Overall, the results of this study show that the implementation of potential IB within the Fishermen Community in Salira Village, Serang Regency, Banten Province, has met the inclusivity aspect, which is the primary dimension of IB. Furthermore, the program still presents opportunities and challenges for every stakeholder involved. However, one key significance of implementing IB is its potential to address acute problems in the Fishermen Community in Indonesia, specifically by providing improved welfare through income certainty, even in harsh conditions when fish spoil and fishermen cannot fish.

In a broader context, IB in Indonesia still needs time to become part of public discourse, particularly at the government and private sector levels. The government's role in formulating adaptive and synchronized IB regulations between central and regional govern-

ments is essential for IB's broader implementation in Indonesia. Other political and economic factors that create barriers to IB implementation must also be addressed through adaptive regulations requiring robust enforcement infrastructure. Finally, the IB model itself needs continuous testing and critique, as its underlying idea is derived from the adaptation of global capitalism in an era of progressive neoliberalism. This creates a space where the implementation of this model may lead to problems or exploitation at the level of the Bottom of the Pyramid (BoP). This could serve as a suggestion for future researchers seeking to critically review the IB model.

In summary, this research utilizes the Inclusive Framework Theory proposed by Vermeulen and Cotula (2010) as the primary framework for analyzing inclusiveness in potential IB projects, focusing specifically on the BUMNel and Women Business Entity Group within the Fishermen Community in Salira Village, Serang Regency, Banten Province. This theory contributes significantly to the broader understanding of IB by offering alternative insights to the scholarly inquiries raised by Likoko and Kini (2017, pp. 85-86) regarding the concept of "inclusiveness" in IB. It provides a clearer set of measures and indicators compared to existing definitions, which tend to emphasize normative criteria—asserting that an inclusive business is effective, credible, adaptable, and offers affordable health solutions—without providing concrete metrics for assessing IB implementation in specific contexts.

However, as noted previously, a limitation within the Inclusive Framework is its reliance on qualitative indicators to measure inclusiveness in IB. This qualitative approach can make changes in inclusiveness less perceptible when measured against quantitative methods. Nonetheless, the advantage of using qualitative data within the Inclusive Framework lies in its ability to capture detailed insights from respondents, particularly smallholder fishermen, while considering the unique context and supporting circumstances of the regions where IB is being implemented.

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# Appendices

## List of Interview Questions

<u>No</u>	<u>Respondents</u>	<u>Questions</u>	<u>Role</u>
1	<p><u>PT Samudera Karunia Bersama (SKB)</u></p> <p>- <u>President Commissioner</u></p> <p>M. Azis</p>	<p><b><u>Opening</u></b></p> <ol style="list-style-type: none"> <li>1. <u>Why does private sector social responsibility matter in the context of lower-income people's welfare increases in Indonesia?</u></li> <li>2. <u>Why does PT Samudera Karunia Bersama want to take a part in initiate the Fishermen Owned Enterprise (BUMNel) in Banten Province?</u></li> <li>3. <u>What is PT Samudera Karunia Bersama role in the BUMNel program?</u></li> </ol> <p><b><u>Inclusive Business Dimensions of the Program</u></b></p> <ol style="list-style-type: none"> <li>4. <u>Can you elaborate on the early ideas when formed the BUMNel program?</u></li> <li>5. <u>Why choose Banten Province as the location where this program started?</u></li> </ol>	<p><u>Actively involved in partnership project (BUMNel) as a co-initiator</u></p>

		<p>6. <u>What is <b>the intention of the company</b> when investing money to form this program?</u></p> <p>7. <u>Is it <b>investment return or increase the company profit</b> matter on the mid-term and long-term result of this program?</u></p> <p>8. <u>How is your <b>projection</b> about the program's sustainability?</u></p> <p>9. <u>In terms of the <b>equity share</b> of the program, how about the assets ownership of the BUM-Nel that firstly bought by the funding from your company?</u></p> <p>10. <u>To what extent PT Samudera Karunia Bersama will <b>involved in the BUMNel key business decision</b>? Is it possible for BUMNel to expand the business by supplying other company beside PT Samudera Karunia Bersama?</u></p> <p>11. <u>If something bad happen to the BUMNel operation, too what extent PT Samudera Karunia Bersama will take <b>responsibility for the loss</b> of the program?</u></p> <p>12. <u>If the Business of the BUMNel is going well, how about PT Samudera Karunia Bersama's perspective on its <b>profit sharing</b>?</u></p>	
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		<p><b><u>Coordination among different levels</u></b></p> <p>13. <u>Who are the <b>main actors in support of BUMNel</b> program?</u> <u>Why are these actors selected?</u></p> <p>14. <u>Why <b>choose SNNU to be co-initiator</b> of this social responsibility project?</u></p> <p>15. <u>How about the <b>coordination between institutions</b> to support BUMNel? Were they cooperated so far?</u></p> <p>16. <u>How is <b>shared responsibility carried out</b> between the institutions involved in the operation phase of the BUMNel?</u></p> <p><b><u>Stories and Lessons-Learned</u></b></p> <p>17. <u>Are there any examples of provinces and/or cities that have succeeded or failed/resisted in implementing the similar program? what are the driving factors?</u></p> <p>18. <u>Based on your experiences, what are the key challenges of implementing Social Responsibility project in terms of a decentralized system in Indonesia?</u></p> <p>19. <u>What strategies can be employed to overcome resistance or lack of awareness about inclu-</u></p>	
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		<p>sive and sustainable social responsibility of the company?</p> <p>20. What kind of advancements do you anticipate sustaining the BUMNel program in terms of inclusiveness?</p>	
2	<p><b><u>SNNU Banten</u></b> <b><u>Province Branch</u></b></p> <p>- <b><u>Secretary of SNNU Banten Province Manager</u></b></p>	<p><b><u>Opening</u></b></p> <ol style="list-style-type: none"> <li>1. What is the real challenges about the Fishermen Communities empowerment in Banten Province?</li> <li>2. Too what extent the private sectors social responsibility matter to solved that kind of problems in the Fishermen Community?</li> <li>3. Why does Inclusive Business based project like BUMNel program relevant to solved that problems incrementally?</li> <li>4. What is SNNU's role in the forming and operating BUMNel program?</li> </ol> <p><b><u>The gaps and the ideas for expanding the program.</u></b></p> <ol style="list-style-type: none"> <li>5. Based on your experiences in doing the project in Indonesia, do you find <b><u>the gaps between the national and regional levels in understanding the private</u></b></li> </ol>	<p><u>Actively involved in partnership project (BUMNel) as a co-initiator</u></p>

		<p>sector's social responsibility especially for the Inclusive Business Model? (If YES, please elaborate more regarding your findings)</p> <p>6. <u>How do you perceive <b>the coordination between national and province governments</b> in regulating the private sectors social responsibility?</u></p> <p>7. <u>How do you perceive <b>the coordination between the institutions involved and the fishermen community</b> itself in implementing the BUM-Nel program?</u></p> <p>8. <u>What is behind <b>the ideas to expand</b> the Inclusive Business Model in terms of private social responsibility in Indonesia?</u></p> <p>9. <u>Can you explain how BUMNel can be tailored to <b>address the unique needs and challenges</b> of province governments?</u></p> <p><b><u>Design of the program</u></b></p> <p>10. <u>Can you explain <b>the design and the key</b></u></p>	
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		<p><u>elements of a governance structure for the BUMNel program? (From national to province)</u></p> <p>11. <u>How is <b>shared responsibility carried out</b> between SNNU, the Banten Province government, PT Samudera Karunia Bersama and the fishermen community in implementing the BUMNel program?</u></p> <p>12. <u>How is the <b>selection process</b> for piloting areas carried out?</u></p> <p>13. <u>BUMNel was started in a <b>manual system</b> due to the differentiation of budget codification:</u></p> <p>14. <u>How is the progress? Does it remain effective?</u></p> <p>15. <u>Is there any system/mechanism that urgently needs to be developed to support the sustainability of the program?</u></p> <p>16. <u>As the program remains in piloting mode, what <b>legal and regulatory frameworks</b> are necessary to support BUMNel in a decentralized system? Should some additional actors need to be involved?</u></p>	
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		<p>17. <u>In terms of the <b>equity share</b> of the program, how about the assets ownership of the BUMNel, does SNNU get rights for the share of assets in the BUMNel?</u></p> <p>18. <u>To what extent SNNU will <b>involved in the BUMNel key business decision</b>? When is the right time for SNNU as the intermediarie to sign out from the program and let the BUMNel independently operate by the fishermen community?</u></p> <p>19. <u>If something bad happen to the BUMNel operation, too what extent SNNU will take <b>responsibility for the loss</b> of the program?</u></p> <p>20. <u>If the Business of the BUMNel is going well, how about SNNU's perspective on its <b>profit sharing</b>?</u></p> <p><b><u>Conflict</u></b></p> <p>21. <u>Are there any <b>conflict events</b> that happened in the <b>monitoring of the project implementation</b>?</u></p>	
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		<p><b><u>Training and incentives</u></b></p> <p>22. How <b>capacity building</b> that has been developed can help the province government in understanding and mapping the potential of Inclusive Business Model in terms of supporting the regional development? How is the progress and its output?</p> <p>23. Currently, there are no incentives for private sectors to do the program. Has the issue of incentives ever been raised by private sectors to the government?</p> <p>24. As the program could potentially add a <b>burden</b> for private sectors and the regional governments, what kind of <b>incentives/ benefits</b> can be provided to them to encourage their engagement in the implementation of inclusive business model which in this context is BUMNel program?</p> <p><b><u>Stories and Lessons-Learned</u></b></p>	
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		<p>25. <u>Are there any examples of provinces and cities that have <b>succeeded</b> or <b>failed/resisted</b> in implementing the program? what are the <b>driving factors</b>?</u></p> <p>26. <u>Based on your experiences, what are the <b>key challenges</b> of implementing Inclusive Business in terms of a decentralized system in Indonesia?</u></p> <p>27. <u>What kind of <b>advancements</b> do you anticipate sustaining the BUMNel program in terms of Indonesian systems?</u></p> <p>28. <u>How do you see <b>the role of BUMNel evolving</b> in the next future?</u></p>	
<u>3</u>	<p><u><b>Government – Fisheries Department of Serang Region</b></u></p> <p>- <u><b>Representation officers</b></u></p> <p><u><b>Hilman, S.St.</b></u></p>	<p><u><b>Opening</b></u></p> <p>1. <u>What do you know about Inclusive Business?</u></p> <p>2. <u>What is your role in the Inclusive Business model which in this context is the BUMNel program initiated by PT Samudera Karunia Bersama and SNNU?</u></p>	

		<p><b><u>The ideas</u></b></p> <ol style="list-style-type: none"> <li>3. <u>Why are your region/office interested in being part of the program?</u></li> <li>4. <u>How do you see your region/ office readiness in supporting the program?</u></li> <li>5. <u>What are your views on the Fishermen Owned Enterprise (BUMNel)? Do you find the program beneficial and important?</u></li> <li>6. <u>Or, Do you find the program creates a burden on your job? If YES/NO, please kindly elaborate.</u></li> <li>7. <u>How is shared responsibility should be carried out by the province government, NGO (SNNU), Private Sector (PT Samudera Karunia Bersama) and the Fishermen Community in implementing the program?</u></li> </ol> <p><b><u>Understanding Inclusive Business</u></b></p> <ol style="list-style-type: none"> <li>8. <u>Are you clear enough about the concept of Inclusive Business?</u></li> <li>9. <u>How would you identify the Inclusive Business?</u></li> </ol>	
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		<p><u>sive Business potential in terms of your local contexts?</u></p> <p><b><u>Challenges and incentives</u></b></p> <p>10. <u>What are the primary challenges you faced in the program implementation? And what kind of regulation that become a main burden of it ?</u></p> <p>11. <u>Is there any province regulation that support the implementation of Inclusive Business like this BUMNel program?</u></p> <p>12. <u>Currently, there are no incentives for regional governments from the central government to expand this kind of program. Regarding incentives, do you expect incentives? If YES/NO, please elaborate.</u></p> <p>13. <u>What preferences do you have regarding incentives?</u></p> <p><b><u>Coordination and Monitoring</u></b></p> <p>14. <u>How do you perceive the coordination between the province governments with PT Samudera Karunia</u></p>	
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		<p><u>Bersama and SNNU in the implementation of the program so far?</u></p> <p>15. <u>In terms of monitoring program, are you satisfied with the output of BUM-Nel in terms of increasing the welfare of fishermen community in your region? If YES/NO, please elaborate.</u></p> <p><b><u>Sustainability</u></b></p> <p>16. <u>Would you like to be involved and supporting in this and continue contributing to the program?</u></p> <p><u>What kind of input do you have to offer to enhance and expand the program in the future?</u></p>	
<u>4</u>	<p><b><u>Subs Group of Fishermen Community in Banten Province Area</u></b></p> <p>1. Saptuni</p>	<p><b><u>Opening</u></b></p> <p>1. What is the real problem of Fishermen community in Salira Village, Serang Regency, Banten Province?</p> <p>2. What do you know about the BUMNel program initiated by SNNU and PT Samudera Karunia Bersama?</p> <p>3. For supply to SKB itself in the business, how much is the quantity supplied per month ?</p>	

		<p>4. You said that the 50 tons is the total supply of fishermen's business groups in Salira Village to PT SKB, indeed how many fishermen's business groups are there in Salira Village?</p> <p>5. What is your role in the implementation of this program?</p> <p>6. What is the reason why fishermen groups do not form their own business entities that are more formal such as CV or PT to facilitate transactions in this business scheme with PT SKB?</p> <p><b>The Inclusiveness of the program</b></p> <p>7. Do you think that the BUMNel program has incorporated well the representative of each group of fishermen community in this area?</p> <p>8. Do you think that the organizational structure of BUMNel (Cooperative) fully represents the needs of the fishermen's community?</p> <p>9. In terms of the <b>equity share</b> of the program, how about the assets ownership of the BUMNel that should be shared?</p> <p>10. To what extent the fishermen <b>involved in the BUMNel key business decision</b>?</p>	
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		<p>11. If something bad happen to the BUMNel operation, too what extent the fishermens will take <b>responsibility for the loss</b> of the program?</p> <p>12. If the Business of the BUMNel is going well, how about fishermens perspective on its <b>profit sharing</b>?</p> <p><b><u>Coordination among different levels</u></b></p> <p>13. In your opinions who is the <b>main actors in support of BUMNel</b> program?</p> <p>14. How about the <b>coordination between institutions</b> to support BUMNel? Were they cooperated so far?</p> <p>15. How is <b>shared responsibility carried out</b> between the institutions involved in the operation phase of the BUMNel?</p> <p><b><u>Training and Sustainability</u></b></p> <p>16. How <b>capacity building</b> that has been developed by SNNU can help the fishermen in operating the BUMNel as a professional business entity? How is the progress and its output?</p> <p>17. Too what extent do you think the involvement of PT Samudera Karunia Bersama and executive board of SNNU Banten Province should be in the operational of the BUMNel?</p> <p>18. Do you think merit-based organization is the</p>	
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		<p>fittest concept to implement in BUMNel? If there is any other suitable concept, please elaborate more!</p> <p><b>19.</b> What kind of input do you have to offer to enhance and expand the program in the future?</p>	
	2. Salimudin	<p><b><u>Opening</u></b></p> <p>1. What is the real problem of Fishermen community in Salira Village, Serang Regency, Banten Province?</p> <p>2. What do you know about the BUMNel program initiated by SNNU and PT Samudera Karunia Bersama?</p> <p>3. What is your role in the implementation of this program?</p> <p><b>The Inclusiveness of the program</b></p> <p>4. Do you think that the BUMNel program has incorporated well the representative of each group of fishermen community in this area?</p> <p>5. Do you think that the organizational structure of BUMNel (Cooperative) fully represents the</p>	



		<p>needs of the fishermen's community?</p> <p>6. In terms of the <b>equity share</b> of the program, how about the assets ownership of the BUM-Nel that should be shared?</p> <p>7. To what extent the fishermen <b>involved in the BUMNel key business decision</b>?</p> <p>8. If something bad happen to the BUMNel operation, too what extent the fishermens will take <b>responsibility for the loss</b> of the program?</p> <p>9. If the Business of the BUMNel is going well, how about fishermens perspective on its <b>profit sharing</b>?</p> <p><b><u>Coordination among different levels</u></b></p> <p>10. In your opinions who is the <b>main actors in support of BUMNel</b> program?</p> <p>11. How about the <b>coordination between institutions</b> to support BUM-Nel? Were they cooperated so far?</p> <p><b><u>Training and Sustainability</u></b></p> <p>12. How <b>capacity building</b> that has been developed by SNNU can help the fishermen in operating the BUMNel as a professional business entity? How is the progress and its output?</p> <p>13. Too what extent do you think the involvement of PT Samudera Karunia</p>	
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		<p>Bersama and executive board of SNNU Banten Province should be in the operational of the BUMNeI?</p> <p><b>14.</b> What kind of input do you have to offer to enhance and expand the program in the future?</p>	
	<p>3. Sarmaeni (Head of Fishermen's Wife Group called "Nyimas Samudera")</p>	<p>1. Can you help explain what Mrs. Sarmaeni is and what is Nyimas Samudera?</p> <p>2. I heard from Mr. Sap-tuni that the group of women here has a business line that was established with the help of a company, in this case PT Indonesia Power 8? can be explained further about that, ma'am.</p> <p>3. Do you know the reason why PT Indonesia Power 8 targets groups of women to be given training and empowerment through this business?</p> <p>4. What are the technical aspects of the establishment and operation of the business?</p> <p>5. In the context of this business, has it been formalized in the form of an institution? If so, in what form?</p> <p>6. How is the distribution of profits and what if there is a loss?</p>	

		<p>7. Is this effort then effective in helping fishermen's household problems?</p> <p>8. One of the things that has been a problem for fishermen so far is irregular consumption patterns, so that when the hard season arrives, they do not have any savings left to cover their primary needs? Why do you think this can happen?</p> <p>9. Does the business that collaborates with PT Indonesia Power 8 also involve fishermen or just all women?</p> <p>10. What is your strategy for the development of this business in the future so that it continues to run and be sustainable?</p>	
5	<p><b>Community Development Officer of PT Indonesia Power 8</b></p> <p><b>Dita, S.Sos</b></p>	<p><b>Opening</b></p> <p>1. Can you please explain the history of the creation of the project with the fishermen in Salira Village, Banten?</p> <p>2. Why then choose the type of processed fish catch business to be implemented?</p> <p>3. Did you mention that there is assistance from the Serang Regency Government there? What are they helping with? Then how is the coordination between PT IP 8 and the Serang Regency Government so far?</p> <p>4. What are the obstacles created during the running process of this program?</p>	

		<p>5. How long will PT IP 8 participate in this program? Considering that this is in the 4th year of the program</p> <p>6. Are there any indicators that have been made to check whether the success and independence targets of this program have been achieved or not? So the decision to stop program support can refer to these data and indicators</p> <p>7. Why is this business not formalized in the form of a legal business entity such as a Cooperative, CV or PT? Which if you want to apply for funding to a donor or banking, will it be easier?</p> <p>8. Apart from the internal needs for processed products and food, are there any other achievements that PT IP 8 wants to achieve by implementing this program?</p> <p>9. Have you heard of the concept of Inclusive Business (IB) in the context of community empowerment by the private sector before?</p> <p>10. What is your view on the inclusivity of the business program driven by the Nyimas Samudera Women's Group in Salira Village?</p> <p>11. What is your view on BUMNel initiated by PT SKB and operationalized by fishermen?</p>	
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