

Social Entrepreneurship in an Islamic Context

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1 Introduction

Social entrepreneurship is a fascinating phenomenon for many researchers, business professionals, policy makers and non-profit organizations. In particular, the global-scale growing interest is largely influenced by the remarkable actions of social entrepreneurs, e.g., Muhammad Yunus, a 2006 Nobel laureate who obtained the award for his work in a micro-loans concept through Grammen Bank for the poor to achieve a better well-being. Social entrepreneurs in recent decades have shown an outstanding contribution in solving social problems and creating societal changes by performing a lot of examples in the creation of social innovation (Anggadwita et al. 2015; Bornstein 2004; Mulyaningsih 2013). In fact, their contributions have been increasingly recognized by researchers by attracting the interests of academia on the social entrepreneurship phenomenon. In short, they have moved to tackle social problems that occur in their society by creating innovative solutions in terms of welfare, education, health, community development and the environment (Bessant and Tidd 2007; Dees 2001).

Still, research on social entrepreneurship falls far behind its practice. Besides, the concept has no clear understanding because different perspectives and backgrounds (Cukier et al. 2011; Okpara and Halkias 2011; Ratten 2011). As a newer concept than commercial entrepreneurship, social entrepreneurship has been defined in many ways over the past decade and has emerged to describe the

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application of entrepreneurial activities with embedded social purposes (Bornstein 2004; Cukier et al. 2011). At the conceptual level, social entrepreneurship has been arguably enlighten by a number of intellectuals with different domains or themes of interests, e.g., purpose setting domain (not for profit, non-profit/public sector and for profit) (Dees 1998; Short et al. 2009; Brooks 2009). In particular, main approaches in establishing a formal definition of social entrepreneurship have been founded on the context of entrepreneurship (Brooks 2009; Granados et al. 2011; Martin and Osberg 2007; Okpara and Halkias 2011).

As indicated in existing literature, social entrepreneurship is mostly perceived from the Western perspective. It is arguably not based on religious points of view as a consequence of no religious relation in Western perspective (Almari 2014). It has made literature on social entrepreneurship from a religious perspective as being rarely found. On the other hand, there is a few study on faith-based organization that has been practicing philanthropy and social entrepreneurship, e.g., Buddha Tzu Chi Movement (Yan 2012) and some faith-based organizations in Kenya (Ndemo 2006), Egypt (Salarzahi et al. 2010), Malaysia (Zainol et al. 2014) and Indonesia (Mulyaningsih et al. 2014). These studies mostly discuss faith-based organizations, entrepreneurship and their relations with religiosity. In particular, the study on a faith-based NGO in the form of Islamic social enterprise in Egypt named “Sekem” has proven a remarkable action from altruism to solve social problems in education, health and treatment of vulnerable societies. It has been achieved an international humanitarian award on poverty eradication (Salarzahi et al. 2010; Seelos and Johanna 2005).

Furthermore, the phenomenon of Islamic social entrepreneurship associated with poverty alleviation offers one form of justification of the existence of social enterprise as well as social entrepreneurs in tackling social problems, including poverty, from a religious viewpoint. Hence, it should be completed for being discussed especially when the society faces poverty as an uncompromised problem, especially in several Muslim countries.

According to World Bank, approximately three billion people in the world are living in poverty and 35 % of that poor are live in Muslim countries (www.worldbank.org). Severe issues on poverty as such in Muslim countries have already been admitted by several empirical studies, which find out that Muslim countries bear a highly poor population, an unequal income distribution, a huge number of unemployments, lower living standards, lacks of infrastructure for public service such as health and education (Hoque et al. 2015). Based on data from Pew Research Centre, Muslim people covers about 23 % of the world’s population (1.6 billion), with two-thirds of them reside in 10 countries (Table 1).

Islam has taught people to care about others, especially to the poor (*Mustahiq*) with an instrument so-called “*Zakat*”, one of basic Islamic pillars that must be met by every Muslim. It may bridge between wealthy people (*Muzzaki*) and the poor (*Mustahiq*). *Zakat* in this term has a dimension of worship that synergizes between a duty towards their Lord (*Hablunmin Allah*) and a liability againsts their society (*Hablun min annas*) (Mulyaningsih et al., 2014). Such an Islamic almsgiving in Muslim countries, which has reached about USD250 billion to USD1 trillion fiscal

Table 1 Countries with the largest number of Muslims

	Estimated 2009 Muslim population	Percentage of population that is Muslim	Percentage of World Muslim population
Indonesia	202,867,000	88.2 %	12.9 %
Pakistan	174,082,000	96.3	11.1
India	160,945,000	13.4	10.3
Bangladesh	145,312,000	89.6	9.3
Egypt	78,513,000	94.6	5.0
Nigeria	78,056,000	50.4	5.0
Iran	73,777,000	99.4	4.7
Turkey ^a	73,619,000	~98.0	4.7
Algeria	34,199,000	98.0	2.2
Morocco ^a	31,993,000	~99.0	~2.0

^aData for Turkey and Morocco come primarily from general population survey, which are less reliable than censuses or large-scale demographic and health surveys. As the result, the percentages of the population is rounded to the nearest integer

Source: Pew Research Center’s Forum on Religion & Public Life (www.pewforum.org/files/2009/10/Muslimpopulation.pdf)

flow in a year (Alam 2007), may be one of prominent tools to eradicate poverty and reducing unequal income distributions. Besides, it has long been stated by some experts such as Umar Chapra, Ziauddin Ahmad, Munawar Iqbal, abu al-Hasan Sade, etc., whose writings on *Zakat* offer it as a potential instrument of fiscal policy and a potential tools for poverty eradication and income distribution (Nurrad-Din Mhd 2007).

2 Literature Review

2.1 Defining Social Entrepreneurship

Social entrepreneurship has been defined through a number of different domains or themes of interests, e.g., the purpose setting domain (not for profit, non-profit/public sector and for profit), entrepreneurial trait and behavior in individual and organization, and from the perspective of its emergence process (Short et al. 2009; Brooks 2009). In particular, the establishment of social entrepreneurship definition is largely based on approaches in entrepreneurship context (Brooks 2009; Granados et al. 2011; Martin and Osberg 2007; Okpara and Halkias 2011). Furthermore, social entrepreneurship mainly refers to the creation of social value produced in collaboration with people and organizations from the civil society who are engaged in social innovations, which usually imply an economic activity. A definition as such is founded on four criteria, i.e., social value, civil society, innovation and

Table 2 Definitions of social entrepreneurship

Author(s)	Terms and focuses
Dees (1998), Paredo and McClean (2006)	Value creation, innovation and opportunity
Bornstein (2004), Bornstein and Davis (2010), Bessant and Tidd (2007)	Using a change that will solve society's social problem
Mair and Marti (2006)	Identifying opportunity and addressing important social issues in the society
Granados et al. (2011)	Doing something that is realistic, profitable and benefits to society
Mair and Marti (2006)	Innovation by finding or providing a new product/service or approach to do things that are socially responsible
Okpara and Halkias (2011), Weerawardena and Mort (2005)	Entrepreneurial behavior, personal traits and leadership
Light (2006)	Social networking with stakeholder
Martin and Osberg (2007)	Creativity to solve the social problem
Zahra et al. (2009)	Exploit opportunities for social change and improvement

economic activity (Okpara and Halkias 2011). In fact, creating social value is the most recent approach to social entrepreneurship by considering that social value can be broaden and global, e.g., Ashoka Foundation with its global mission, or narrowed and local, e.g., Grammen Foundation. Different definitions and approaches are presented in Table 2.

Following the fundamental understanding on social entrepreneurship, a coherent conceptual framework in the discipline is required (Okpara and Halkias 2011). From diverse understandings and definitions, the common terms are:

1. Using innovative solution to solve social problems.
2. Using earned income to solve social problem.
3. Value creation, innovation and opportunity.
4. A change that will solve social problem.
5. Social transformation.
6. Innovation and leadership.
7. Identifying and addressing important social issues in the society.
8. Doing something realistic, affordable, profitable and benefit to the society..
9. Creating better social values for the society.
10. A social change with a mission to develop people.
11. Innovation by finding a new product, service, or something new and different or approach to do things through a socially responsible way.

Therefore, there is a convergent formula of social entrepreneurship to include innovation, leadership, opportunity, profitability and social value creation. Several selected definitions adopted from Okpara and Halkias (2011), Short et al. (2009), Cukier et al. (2011) and Hoogendoorn et al. (2010) are exhibited in Table 2.

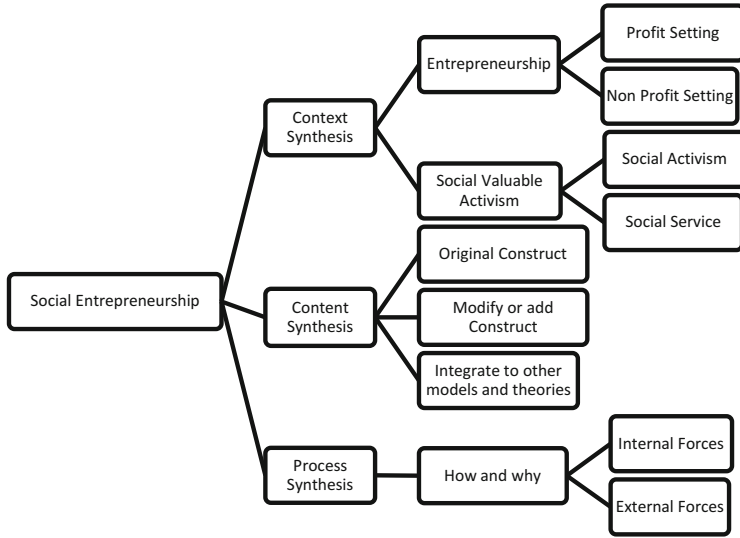


Fig. 1 Literature conceptual framework of social entrepreneurship

Furthermore, formal theories in social entrepreneurship research are required to develop a conceptual framework (Haugh 2012). The development of framework as such requires three elements, e.g., a phenomenon of interest to investigate, defining constructs and variable that pertain to a phenomenon of interest, and those theories will hence specify the relations between phenomena (Haugh 2012; Saifan 2012). However, theoretical developments that explain and predict the phenomenon of Social Entrepreneurship have been rarely taken (Granados et al. 2011; Haugh 2012). Besides, approaches to build the definition of social entrepreneurship are mainly based on the context of entrepreneurship (Brooks 2009; El-Ebrasi 2013; Granados et al. 2011; Martin and Osberg 2007; Okpara and Halkias 2011). In the current study, the development of conceptual framework for social entrepreneurship are founded on three main syntheses, i.e., content synthesis, context synthesis and process synthesis (Fig. 1).

2.2 *Boundaries of Social Entrepreneurship and Social Enterprise*

Social entrepreneurship is known as a dynamic research field. Besides, existing thoughts and approaches come from various perspectives. Thus, boundaries among existing definitions on social entrepreneurship have become a prominent

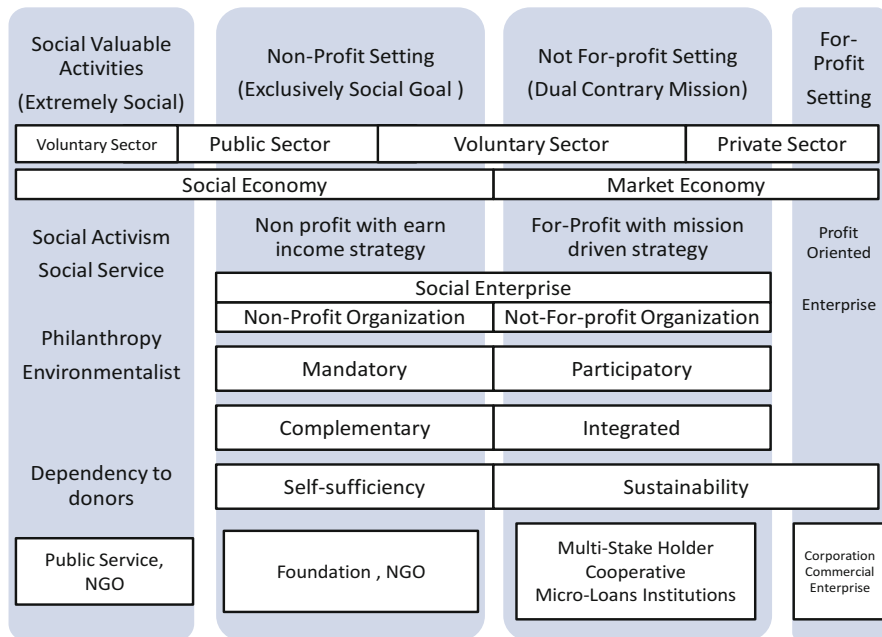


Fig. 2 Boundaries of social enterprise regarding to the contextual synthesis of social entrepreneurship (adapted from Saifan 2012)

determinant to establish a distinctive perspective among scholars, practitioners and policy makers. The definition of social entrepreneurship should not extend to any of either philanthropist, social activism, a company with foundation, or an organization that is simply socially responsible/CSR (Hoogendoorn et al., 2010). At present, the definitions of social entrepreneurship and social enterprise are not followed by a mutually-agreed definition among scholars, practitioners and policy makers. The situation may have confused definitions related to the term “social entrepreneurship”. Regarding to distinctive arguments among social activities, social entrepreneurship and non-social entrepreneurship, it is hence important to distinguish social orientation and non-social orientation (Fig. 2).

In accordance with the definition of social entrepreneurship and the boundaries to distinguish distinctive approaches among institutions related to social enterprise, there are some prerequisites to identify social enterprise:

1. Funding structure (internal sources and external sources).
2. Legal status (formal and non-formal).
3. Stakeholders (Triple Helix, Quadruple Helix, Multiple Helix).
4. Mission and vision (purely social, business to social, social to business).
5. Sustainability (social mission, business/earned income, institution).
6. Main actors (public sector, private sector and voluntary sector).
7. Social mission area (charity and empowerment).

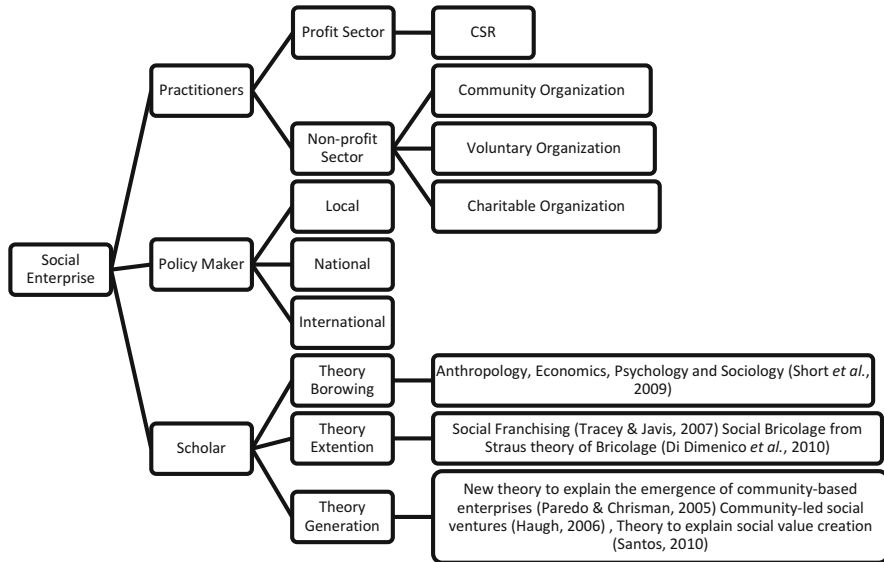


Fig. 3 Classifying the emergence of social enterprise (adapted from Haugh 2012)

8. Business model (customer–beneficiaries segment, value proportion, channels, customer–beneficiaries relationship, revenue stream, key resources, key activities, key partnership, cost structure).
9. Accountability (SROI, social impact, shared value, social value creation and co-creation).

These prerequisites may give a clear line between what kinds of social enterprise that is existed in a contextual area. Besides, they may also act as the boundaries to determine social enterprises as a unit of analysis. In addition, there are four suggestions for generating a new formal theory of social enterprises:

1. A new developmental theory requires a theory testing with a thoroughly-applied and robustly-defined research method to discover any theoretical advancement from several sets of data.
2. An accurate and methodical data analysis is essential for identifying new constructs and new relations between constructs.
3. Anew theory requires inspiration, creativity and receptiveness to any unexpected and unanticipated in addition to methodological rigorousness.
4. Generating a theory can be a fuzzy, messy, time-consuming and complicated (Fig. 3).

3 An Overview of Entrepreneurship in Islamic Perspective

3.1 *Absolute Ownership and Relative Possession: Treasure in Islamic Perspective*

This section provides an overview on the Islamic perspective prior to a deliberate Islamic entrepreneurship. In Islamic perspective, the absolute owner of the property is *Allah*, while any human ownership of property is limited by carrying out a mandate as such and spend it in accordance with al-Qur'an and al-Hadith (Syafii 2010). The verse from al-Qur'an that asserts the absolute ownership is taken from QS. Al-Hadid (57):7.

Believe in Allah and His Messenger and spend out of that in which He has made you successors. For those who have believed among you and spent, there will be a great reward.

The role of human is as an “agent of trust” or as the person who is given a mandate by *Allah* (*khalifah*) correspondingly in the process of moving treasures from the scrutiny of others to a supervisory mechanism through either selling, production sharing or renting. While economic activities have been fulfilled, human sometimes loses the sight of getting a temporary use of one's mind, body and soul in pursuing those treasures from *Allah* and one never pays it to Him. Therefore, it appears that human is not the absolute owner of their treasures, and merely a temporary owner or manager or agent of trust of such an ownership. Human may realize that one's treasures are “*amanah*” (given) and should therefore be prudently and faithfully managed.

The value of a given treasure is determined by its contribution (Syafii 2010), When such a treasure may have generated a kindness, the owner will then get a blessing. In contrast, a treasure that generates crimes will make its owner get a punishment for the crimes. Treasure is known as the most prominent issue in Islamic economics, and *Allah* has already managed and made a clear position in human life based on principles that should be consider closely:

1. *The way how treasure is generated.*

Any economic activity that is related with generating a treasure is divided into two processes, i.e., the fulfillment of each individual, which is then followed by a collective fulfilment (altruism).

2. *The way how treasure is managed.*

Managing treasury in Islamic perspective may have to consider three important things, i.e., highest-possible usefulness (*mashlahat*) to the society, suggested by al-Qur'an and al-Hadith, and treasury as a non-prominent aim but merely a tool to get the absolute aim (*Allah's* blessing and pursuing rewards from *Allah*).

3. *The way how to spend treasure.*

The concept of spending treasure in Islam is closely related with *ibadah* concept or a servitude to *Allah* [QS. Al Baqarah (2): 261]. In the *ibadah* concept, there is a “social” mechanism, and the concept of spending treasure therefore emerges into voluntary sectors instead of private and public sectors.

3.2 *Entrepreneurship in Islamic Perspective*

Islam is a religion with a considerably-comprehensive perspective on treasury-related issues. In the religion, it is stated in al-Qur'an and al-Hadiths that being rich is a good attitude. However, the encouragement of being rich should also be broadened with some further explanations in which all the chosen works in Islam should be integrated with spiritual principles. Entrepreneurship in Islam is being a prominent part of Islamic economics. There is an integration between entrepreneurial livelihoodness and religion (Dana 2009; Davis 2013; Faizal et al. 2013; Ramadani et al. 2015). Islam encourages Muslim to be entrepreneurs, and it has been proven in some al-Qur'an verses and accepted in those sayings of prophet Muhammad p.b. u.h.A hadith verse (Hadith Al-Tirmidhi 1987, no. 1209, p. 515) mentions that,

an honest and sincere businessman will be placed with the prophets, siddiqin and al-syuhada.

In other words, the lifework of being entrepreneur in Islam is posited in a certified state, for the reason that an honest and sincere entrepreneur may settle in the same place as prophets, *siddiqin* and *syuhada* (Faizal et al. 2013; Hamid and Sa'ari 2011).

Entrepreneurship in Islamic perspective closely considers some principles of thoughts. First, Islam encourages an entrepreneurial development. Besides, entrepreneurship is an integral part of its religion. Second, the perspective of resources ownership suggests treasure Muslims as *khalifah* and agents of trust of *Allah*, who are responsible in generating prosperity and considering that doing business is a part of *ibadah* or a good deed. Third, the perspective of being succeed in doing business suggests that the most important thing is how to be as much as useful person for the society (cooperation for existence) and to living ethically that fits with the philosophy of belief in *Allah* the Almighty (Hamid and Sa'ari 2011; Noruzi 2011). In general, the entrepreneurship's principles of thoughts in Islamic perspective according to Hamid and Sa'ari (2011) and Noruzi (2011) include:

1. *Protecting risk.*

Economics is a risky activity, so in Islamic economics an entrepreneur has a statutory right and should be protected by a law (*shari'a*) as a means to decrease the risk and gain justice, e.g., shared profit and shared lost in the *syirkah* system (*mudharabah* and *musyarakah*).

2. *Subject to shari'ah.*

The difference between capitalist economics and Islamic economics emphasizes how a Muslim generates, manages and spends treasure, e.g., avoiding *riba*, understanding *halal*, *haram* and *syubhat*, being honest and sincere to the society and customers.

3. *Free from any element of oppression.*

A Muslim entrepreneur assigns a distinction between justice and freedom, and forbidden from being cruel or harm to the society. For example; a Muslim entrepreneur should not cause an abuse of sources and waste the resources, and should limit the production and prevent job creation.

4. *Government role.*

A Muslim scholar Umar Chapra has argued the importance of the role of government in regulating resources to elude any unequal and inefficient provision, particularly in its equalized revenues and main resources such as water and energy.

According to Faizal et al. (2013), the characteristic of entrepreneurs based on al-Qur'an and al-Hadits are:

1. Taqwa as a framework (Al-Saff. 61:10–11).
2. Halal as a top priority (QS. 5:88; QS. 2:168).
3. Do not waste (QS. 7:31).
4. Worship to *Allah* is a priority (QS. 62:10; QS. 15:67).
5. Practicing high moral values (QS. 2:275).
6. Trustworthy (al-Hadits: al-Tirmidhi. Book 14#1213; Bukhari. Sahih Bukhari. Vol. 3, Book 41:#576).
7. Concerns for the welfare (QS. 22:77; QS. 3:92; QS. 8:3).
8. Knowledgeable (Al-'Alaq.96:1–5).
9. Caring for the society and the environment (Al-Qashash, 28:77).

4 Social Entrepreneurship in an Islamic Context

The Islamic social entrepreneurship is considerably a new term within the existing social entrepreneurship and social enterprise theory and research. Previous researches in social entrepreneurship may have been fulfilled by the Western perspective (Al-Alak and Eletter 2010). The term 'Islamic' here is adopted from a specific unit analysis of social enterprise that is contextually having the norms of Islam, e.g., *shari'ah* and religious/faith-based rules. In the Islamic economics domain, entrepreneurship itself is a prominent part and has blended between entrepreneurial activities and religion (Dana 2010; Faizal et al. 2013). The basic concept of entrepreneurship in Islam stands on a mutual relationship (partnership and participation), altruism and good will (Noruzi 2011). Its concept ground on the objectives of Islam on unity (*tauhid*), trusteeship (*khilafah*) and worship (*ibadah*) which will be implemented for social justice and public interest (Al-Alak and Eletter 2010).

According to Islamic beliefs, human being as *Allah's khalifah* (or person on duty) has a duty to create prosperity and usefulness of the Earth (QS. Al-an'am: 165). Their role in economy is to achieving economic prosperity together. They work not just for personal gains or self-interests but also for the common good so that it will give rise to mutual independence in the community. Islam is not a religion that denies the human desire for being prosperous and wealth. Nevertheless, Islam also accentuates their people to manage their wealth, which should be managed prudentially as what has been principled in al-Qur'an and al-Hadits.

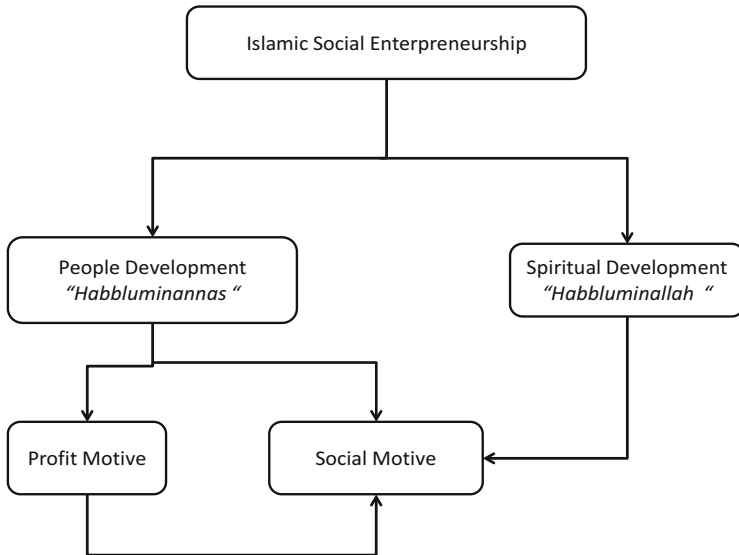


Fig. 4 The conceptual framework of Islamic social entrepreneurship

Therefore, every activity related to creating prosperity (profit motives) should also be balanced with usefulness and value to others (social motive).

As the person on duty of *Allah*, every Muslim entrepreneurs should manage their activities into two roleplays. First, people development (*habbluminannas*) suggests that Muslim entrepreneurs have to accentuate a dual-construct motive in every activities related to human being. *Allah* command to care to each other (QS 5:2, 48:29, 24:22, 90:17, 2:254, 3:92, 14:31, 32:16, 35:29, 42:38) and doing good to each other (QS 2:177, 59:9, 3:92, 3:134, 7:85, 11:84, 11:85, 17:35, 26:181). Second, spiritual development (*habbluminallah*) suggests that human was created by *Allah* to serve and ordered to worship only to *Allah*. Every good deed to human beings is supposed to carry out *Allah*'s commands and for having a good relation to *Allah*. In other words, *habbluminannas* is taken in order to *habbluminallah*. Both are in line and not to be disputed. People who ignore the *habbluminannas* in addition to getting the wrath of *Allah* and consequences in the hereafter, will also receive consequences from fellow human beings in the form of a treatment, punishment or sentence based on applicable rules, laws or norms within the society (Fig. 4).

There are three basic thoughts in the roleplay of Islamic social entrepreneurship in social justice and social welfare:

1. *Fard-al Kifayah* commitment

Doing business for Muslim entrepreneurs has a *Fard-al Kifayah* commitment (Hamid and Sa'ari 2011). They are a compelled responsibility for the society to create social welfare with a great solicitude. Such a concern for others is an intrinsic motive that is based on religiosity (social motive upon profit motive).

2. Almsgiving model on *zakat*, *infaq*, *sadaqah*, and *waqf* (ZisWaf).

The ZisWaf is an almsgiving model of Islamic social entrepreneurship that has an important role in providing unmet needs of the society. Besides, it acts as a tool in solving social and economics problem (Hoque et al. 2015). Islam has already set up its utilization goals and obligations of ZisWaf definitely; therefore, it has a certain economic impact.

Public ownership so-called *waqf* is considerably one of social entrepreneurship model in Islam (Salarzahi et al. 2010). As a public treasure owned by society legally, *waqf* is an economic resource proven to have a big role in the economy. It has been allocated for social welfare and social community development in many sectors such as economics, education, health, social and religious sectors. Islam has given a lesson as the basis to achieve *waqf* in keeping and allocating property legally for both social motive and social good. There is a lot of remarkable examples on *waqf* contribution for social value creation. For example, al-Azhar Islamic University in Egypt is a success model of *waqf* contribution in education development. Besides, a lot of models of charity also arguably adopted from the *waqf* models like in Oxford University (UK) and a thousand of charity foundation on property benefits in North America and around the world (Salarzahi et al. 2010).

3. Market failure and government failure.

Social entrepreneurs by definition attempts to tackle social problems emerged by failures in existing markets and social welfare systems (Mair and Marti 2006). Social entrepreneurship as the process of creating values through a combination of resources, which is focused on exploring the opportunity to create social values by knowing needs or unmet needs (Okpara and Halkias 2011). They have moved to tackle social problems that occur in the society as the consequence of an inadequate social policy or social welfare and an incapable government in solving social problems by their large-scale programs. If it happens, the situation will trigger a disappointment of the society due to their unmet needs (Mulyaningsih 2013). Thus, they may need to create innovative solutions in the field of welfare, education, health, community development, and the environment.

5 Social Enterprise as an Intermediary Institution in Voluntary Sector Toward Value Creation—An Evidence in Indonesia

Indonesia has the world's largest Muslim population (203 million—based on www.pewforum.org), meaning that 12.9% of the world's Muslim or about 80% of all Muslim living in South-East Asia reside in Indonesia. In fact, Indonesia as the biggest Muslim population in the world is still facing poverty issues in which more than 28 million among its 237 million total population are living below the poverty line (www.worldbank.org). It is also confirmed by the data from Statistics

Table 3 Indonesian poverty and inequality statistics

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Relative poverty (% of population)	16.0	17.8	16.6	15.4	14.2	13.3	12.5	11.7	11.5
Absolute poverty (in millions)	35	39	37	35	33	31	30	29	29
Gini coefficient/Gini ratio	0.36	–	0.35	0.35	0.37	0.38	0.41	0.41	0.41

Sources: World Bank and Statistics Indonesia

Indonesia (www.bps.go.id) in which the level of poverty until March 2013 is at 28.07 million, or 11.37 % of the country’s population. However, while annual GDP growth in 2013 reaches 6.3 %, the GINI index raises from 0.37 in 2012 to 0.41 in 2013 (Table 3). A higher GINI ratio indicates Indonesia’s widening inequality of income distribution, where in Indonesian government fails to tackle the problem and will imply to social problems. It requires a strong effort to diminish the gap by posing it as a priority within the country’s national development program. Besides, the effort has to be obtained in parallel between public, private and voluntary sectors (Dana 2014; Mulyaningsih 2013).

Later, efforts in poverty alleviation and the reduction of an unequal income distribution have been taken by voluntary sectors in Indonesia, particularly intermediary institutions such as *Zakat Infaq, Sadaqah, and Waqf (ZisWaf)* as an Islamic social enterprise. The institutions within voluntary sector are able to create a distributed justice, equitable development, and have simultaneously become a socio-economic empowerment of the poor and other marginalized groups (Mulyaningsih 2013).

According to researches from several Indonesian Muslim scholars (Sudewo 2008; Syafii 2010), Indonesia has a huge potential in such a funding instrument (*zakat, infaq, sadaqah, and waqf*) with a market potential of Rp. 217 trillion per year. However, only Rp. 2.73 trillion, or about 1 %, of those potential is merely able to be funded and managed by Zakat Agencies. Looking at the potential of *zakat* in Indonesia, it is expected to be able to support the achievement of development goals that may improve the standard of living and poverty eradication. Hence, this condition indicates that the development of social entrepreneurship in voluntary sectors is urgently discussed further, particularly in the Islamic context. There are more than 200 *zakat* agencies or intermediary institutions gathered in the *zakat* forum (FoZ), with more than 100 affiliated with government agencies (BAZNAZ), and more other agencies (Sudewo 2008).

Thus, looking at the national charity potential (*infaq, sadaqah, waqfandzakat*), social problems such as poverty and unequal income distribution, and challenges in managing voluntary sectors, Islamic social enterprise may need to face challenges in creating value to the society through an almsgiving model (Fig. 5).

Islamic social enterprise as intermediary institution should have their own unit business instead of their funding from donors. Their unit business could earn profit to support their social motive program and sustain their business.

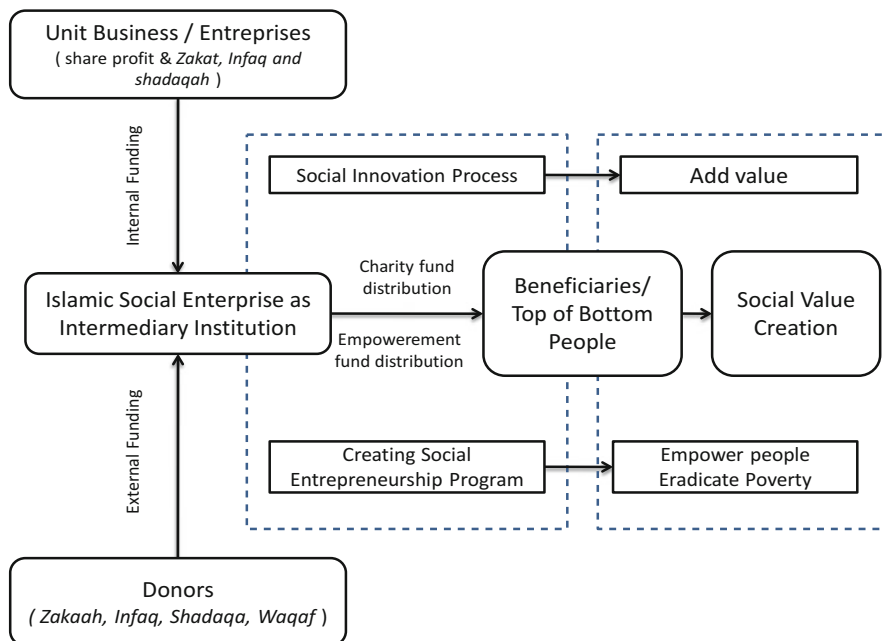


Fig. 5 Social value creation model of Islamic social enterprises

6 Conclusion

Currently, Islamic social entrepreneurship examined as a new terminology in reach of actual social entrepreneurship and social enterprise theory and research. Mostly the research about this domain is accomplished by Wester view (Al-Alak and Eletter 2010). It is surely not based on religious points of view as a consequence of no religious relation in Western perspective (Almari 2014). It has made literature on social entrepreneurship from a religious perspective as being rarely found. On the other hand, there is a few study on faith-based organization that has been practicing philanthropy and social entrepreneurship. In the Islamic economics domain, entrepreneurship itself is a prominent part and has blended between entrepreneurial activities and religion (Faizal et al. 2013). The basic concept of entrepreneurship in Islam stands on a mutual relationship (partnership and participation), alturism and good will (Noruzi 2011). Its concept ground on the objectives of Islam on unity (*tauhid*), trusteeship (*khilafah*) and worship (*ibadah*) which will be implemented for social justice and public interest (Al-Alak and Eletter 2010).

At last, the soul of Islamic social entrepreneurship is on this hadits “*Khairunnas anfa’uhum linnas*”, it has convinced that the most valuable person is the person that has more benefit to others and society. As the person on duty of *Allah*, every Muslim entrepreneurs should manage their activities into two roleplays. First, people development (*habbluminannas*) suggests that Muslim entrepreneurs have

to accentuate a dual-construct motive in every activities related to human being. Second, spiritual development (*habbluminallah*) suggests that human was created by *Allah* to serve and ordered to worship only to *Allah*. Every good deed to human beings is supposed to carry out *Allah*'s commands and for having a good relation to *Allah*. In other words, *habluminannas* is taken in order to *habbluminallah*. Both are in line and not to be disputed.

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