



MODEL OF ISLAMIC SOCIAL ENTREPRENEURSHIP IN FAMILY BUSINESS

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ABSTRACT

The purpose of this research is to outline an Islamic Social Entrepreneurship (ISE) development model in a family business in Ponorogo's Setono Chicken Satay Village as a study case. This study employs a descriptive qualitative methodology with a case study approach. The ISE development model means that this family business in the Setono Ponorogo chicken satay village has implemented crucial elements in the ISE that are related to four dimensions, including economic, religious, social, and cultural dimensions. These four dimensions are integrated in terms of meeting material needs for daily life, non-material needs, such as worship and personal social responsibility (PSR), communication and community among neighbours and businessmen and then maintaining ancestral cultural values that have been passed down to them. The originality of this study is that the concern is on filling the answer about business and Islamic teachings itself. Hence, every business has its own potential and originality, it will build a model of the business.

Key Word: Model, Islamic Social Entrepreneurship, Family Business

INTRODUCTION

The number of developing countries cannot be separated from the numerous socioeconomic concerns, such as excessive poverty and unemployment. The difficulty in addressing one's basic necessities affect one's quality of life and social life (Prayetno, 2013). There must be a strategy in place to address this issue in order for the government to cooperate with the community. This active position can be assumed to be capable of assisting in the resolution of problems in the context of empowerment as well as the protection of society as a whole. The

things that can be done is to develop a business although it doesn't necessarily get more attention from most individuals. Entrepreneurship and human resources are two factors that might influence economic growth (Beik & Dwi, 2016). Social entrepreneurship is a business idea that is being explored in relation to entrepreneurship. There are two fundamental components to this notion, notably social innovation, which is anticipated to change society's present system. The second component is the requirement for personal with a vision, mission, creativity and entrepreneurial spirit, as well as ethics, to support the

inventions that will be launched (Dwianto, 2018). These two principals have been used by social entrepreneurship practitioners, such as Bill Drytone, who was successful in establishing the Ashoka Foundation, which is active in entrepreneurship while also paying attention to the mission and social vision of providing education to the disadvantaged (Nurfaqih & Fahmi, 2018).

The explanation of social entrepreneurship is in line with the development of technical improvements, environmental changes, and the human perspective in dealing with difficulties, so that poverty and welfare at one time become a never ending concern. According to the research study (Anas, 2019), the context of social entrepreneurship was presented in the 1970s to address social problems in sustainable manner, which was pioneered by Joseph Banks in his work titled *The Sociology of Social Movements*. In his book, he stated that phrase is used to define managerial skill in dealing with both corporate and social concern. Social entrepreneurship combines social empowerment and entrepreneurship. Aside from that, social entrepreneurship has begun to be widely explored from an Islamic standpoint, which is known as Islamic Social Entrepreneurship (ISE) (Fitria, 2017).

Social entrepreneurship can be seen in both underdeveloped and developed countries. According to the research (Lindawati, 2019), there are various factors that promote the creation of a good ecosystem and benefits for sociopreneurs, including digital media, which is in line with the development of the sharing economy and can reduce production and distribution costs. Efficiency is one of the terms that has a good connotation as opposed to the negative connotation of material gain. Then, storytelling marketing, which arose as a result of the existence of digital media, is another component that contributes to a positive

company environment. This is related to the story that was born because of the experience of this social business. The motivation for stressing the social mission given through the story is also utilized to inspire others to participate in social business.

However, according to research from the Skoll Center for Social Entrepreneurship (Ramadani, Dana, Gërguri-Rashiti, & Ratten, 2016) that the definition of social entrepreneurship should not be extended to the realms of philanthropy, social activism, companies with foundations, or Corporate Social Responsibility (CSR). As a result, differentiating the direction of social versus non-social orientation requires precision. In this regard, it may be stated that there is a technique, which is of the greatest use to the society and the treasury, for seeking blessings and also for spending wealth in the context of Islam.

According to (Tresiana & Duadji, 2018), the social entrepreneurship model is established by local communities that have been applied to the people involved, one of which is in Teluk Kiluan, Lampung. Whereas the tourism development model has three prominent components, they are the economic dimension, the ecological dimension, and the social dimension. This is contrast to the research findings (Prayogo, 2017) that the challenge for business owners with a social entrepreneur personality and becoming a social entrepreneur is to increase job opportunities that are used to help the community again, where this is also one of the government's assistances in overcoming the problems of unemployment, poverty and crime. Nowadays, businesses that have grown and are sustainable explain the existence of an integrated feature in the business they run, one of which is a family firm that has been in operation for generations. This family business in the Setono Ponorogo chicken satay village has become one of the traditions passed down

from generation to generation. With the growth of commerce in the village, this village has played an essential role in preserving Ponorogo's culture and special food. According to history, the foundation of the Setono village occurred due to a low level of education and a shortage of human resources (Interview, 2021). The implementation of social business entrepreneurship cannot be completed directly since the circumstances, principles, vision, and mission of a business must be explained. The description of an ISE business model might begin with the business backdrop, business sustainability, and business features that are sustainable. Based on the preceding description, the purpose of this study is to examine and describe the development of an Islamic social entrepreneurship model in the Setono Ponorogo chicken satay business, which is based in a single hamlet.

RESEARCH METHODS

This study uses a descriptive qualitative method with a case study approach explaining literacy in the Setono Ponorogo chicken satay community, relating to the development model of the ISE. The model is displayed in accordance with the reality achieved in the field during observation. Data from informants through observation, interviews, and documentation are the major data of this research. In the following secondary data, according to the necessary explanations, was acquired from literacy studies, periodicals, books and other written publications (Yin, 2015). A triangulation produced by interviewees of informants from traders in the Setono Ponorogo satay village of 4 persons of different generations to obtain information and explanations is a model of ISE in the company being studied and examined. Informant, the secretary of the Setono Ponorogo chicken satay traders community employed as a resource in the Setono community. Interviews have been

semi-structured by clarifying, explaining and encouraging additional conversation by the informants.

RESULT AND DISCUSSION

Islamic Social Entrepreneurship

The Social entrepreneurship has seen significant growth and advancement, particularly in the awareness of the entrepreneurs who are battling in the business area while relying on a social mission. According to (Mahyarni, Meflinda, & Indrayani, 2018) the spiritual principles implanted in Muslim entrepreneurs will lead to an increase in their business behavior and have an impact on their community performance. The prophet Muhammad used these spiritual values to his commercial leadership, specifically with the four characters of shiddiq, amanah, fathonah, and tabligh. Although the imbedded spiritual principles are not on the same level as the Prophet Muhammad's character.

The phenomenon of Islamic social entrepreneurship is undoubtedly related with poverty alleviation and other social problems that are the evaluated form a religious standpoint, particularly in Muslim majority nations (Ramadani et al., 2016). According to fundamental concept of Muslim entrepreneurs, two responsibilities must be balanced. Human development as *habluminannas* and spiritual development as *habluminallah*. This suggests that one should continue to engage in social activities while also worshipping God, as both are in line and cannot be debated. This is also supported by research (Muhammad Nur Effendi, 2015) which states that humans have three functions in their lives, namely as God's creatures, individuals, and social beings, and that humans must maintain harmony and balance between these three functions in their daily existence.

When it comes to social and economic problems, Indonesia has a Muslim majority population. Giving charity tries to

help those in need while also supporting a religious purpose. Implicitly, the social spirit is also embedded in the community that engages in charity acts like as zakat, infak, shodaqoh, waqf. This is als stated in research (Kasri, 2013) that there is a positive and significant association between a person’s income and donations donated, with persons who donate more coming from the middle class rather that the wealthy. This donation or philanthropy can support the community financially during times of economic difficulty. The donor’s behavior becomes critical in long-term implementation of positive and supportive habits for themselves, their families, and their environment.

According to (Muhammad, 2020) , social entrepreneurship in the framework of sharia economics is accomplished by three key concepts, namely monotheism, chalipate, and ‘is to reach social problems and meet community needs by producing justice and environmental balance without usury. In this instance, the activities planned and implemented in social entrepreneurship indirectly and in terms of their program play nearly the same role as the goals of Islamic economics namely enhancing economic growth and welfare.

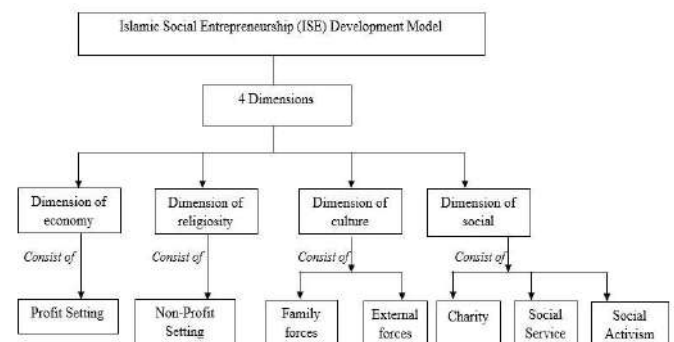
Development Model for Business

The business model serves as the standard for fulfilling a company’s or firm’s vision and mission. One method for analyzing business models is to use a business model canvas to discover significant aspects that become weaknesses and strengths over the course of a business (Nurhakim, Suparno, & Nurrochmat, 2018). There are several types of business developments, and some enterprises that start in families have varied potentials. This is due to circumstances such as business diversification, the death of the founder and subsequent descendants who do not want to continue the business, affecting

the company’s performance and value, or a family business managed by non-founders, which ultimately has a negative impact on the business’s operation(Ariani & Fitdiarini, 2016).

Similarly to research(Ariani & Fitdiarini, 2016), proprietary research (Gomulia, Suryadi, & Barlian, 2012) outlines three dimensions in the life cycle stage of a family firm, namely the fundamental dimension, the development of the family dimension, and the development of the ownership dimension. This can be attributed to strong the family devotion and trust in the family dimension, while the ownership dimension remains steady and closed. The factors cannot be compared to other business because each has its unique set of advantages and disadvantages. At this point, the company has reached a point where it no longer want to grow or finds it difficult to progress, so it simply stagnates and runs in place.

As with ISE, many researchers must try to establish an ISE model because they lack a commercial model for Islamic Social Entrepreneurship. One of the studies based on successful Islamic enterprise was performed on the basis of the study of the Qur’an and Hadith, and viewed with a view to Muslim entrepreneurs in Malaysia (Boulven et al., 2018) that explained to the successful Muslim social businessmen. Shari’a Maqasid not only that, the core elements include faith, taqwa, ihsan and *mahmudah* for social entrepreneurs.



Picture 1. Model of ISE in Family Business, Study Case Kampung Sate Ayam Setono Ponorogo. (Primer Data, 2021

Model of Islamic Social Entrepreneurship in Family Business

Entrepreneurship is a job that is valued for its contribution to the fulfilment of human existence and wants. Balancing the various needs necessitates a clear description in order to establish an entrepreneurial endeavour and character. Although much has been accomplished, the structural business development can be well summarized implicitly (Wijayanti, 2018).

The establishment of an Islamic social entrepreneurship model at the chicken satay Setono village is specifically anticipated to serve as a model for other family enterprise, despite the fact that each firm has its own set of strengths and weaknesses. Accordingly, the demands of the community in the Setono are met by management based on questionnaires and interviews done earlier. This is inseparable from four aspects, namely the economic dimension, religiosity dimension, social dimension and cultural aspects that do not leave out the concept, vision and mission of the company, which eventually constitutes a model for the development of the Islamic social entrepreneurship in the satay chicken village of Setono Ponorogo.

The previous picture there are four dimensions covering the business space of the chicken village of Setono Ponorogo, namely the economic aspect, which involves continuous and generational profit-orientation, job creation, especially in the local communities to keep the family business going and improve employment opportunities without any restriction. There are some members of the satay chicken community who also work in offices or other enterprises, so that those who work in the chicken satay business are not bound to just work with one job.

The second element is the religious dimensions in the form of the community activities aimed at non-profit activism of the Setono chicken satay vendors. Where

every Friday Legi is used to recite by bringing preachers (*mubaligh*) from the city. It balances the economic dimension in which person do not constantly reflect on profit and work, but also on worship as daily focal point.

It is the third dimension that is social in the form of community participation and awareness in evaluating planning, empowering local communities particularly their respective families, to participate in the enterprise which their parents have been in as social service for a long time and that is, amongst other, and a social mission. Charity and also cultural empowerment and the environment. Not only that, it is tradition to contribute *jimpitan* money every evening, gathered in one RT or kelurahan, that is used for family members in need of financial aid, to help with family and other things if a family member dies. Thus indirectly in the Setono Ponorogo chicken satay trader's community the factor of religiousness was inserted and became for centuries a social activity.

The final dimension is the cultural dimension that connects the strength of the family, which is transmitted from the generations of the ancestors to the fifth generation. Not just family but individuals who are still driven to sell their chicken satay and external strengths, such as a supportive environment, urgent economic conditions and minimum education, so they can continue to live in their business today.

The four dimensions indirectly constitute the Islamic Social Entrepreneurship environment, which causes the chicken satay village to execute it despite the fact that the community is unaware of it. The community's willingness to share information with outsiders makes the chicken satay village of the chicken satay village, as a unique culinary tour of Ponorogo, more appealing to people from outside the city, as does the participation of academics in providing experience and knowledge related to

economic issues, business, management, communication, and so on.

CONCLUSION

Islamic Social Entrepreneurship's development methodology is based on life tales and business experience felt by entrepreneurs or those who have previously worked. Every business has advantages and disadvantages that may be stated in a constructed model that can be used as benchmark, as well as business innovation and creativity that explains many things. This model outlines a type of community endeavor to balance the affairs of the earth and the hereafter through a business to meet their own and their family's needs.

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