

Research Article

The Influence of Religion-Based Social Entrepreneurship on Poverty Alleviation

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Abstract: Social entrepreneurship is an idea of social change based on an entrepreneurial approach. The phenomenon of social entrepreneurship has proliferated along with efforts to resolve various social problems, such as economic improvement and poverty alleviation. This present study aims to describe the role of social entrepreneurship in the context of building a community economy that has an impact on poverty alleviation that focuses on social business. The social business entity that is the case study is the Nurul Hayat Foundation. Qualitative analysis is used in this study. From this research, social entrepreneurship plays a real and important role in solving social problems. Social value creation and innovation are the main instruments in social entrepreneurship. In addition, the Nurul Hayat Foundation has played a role in encouraging community economic improvement to alleviate poverty. This study indicates that social objectives with the impact of community empowerment become important values in the practice of social entrepreneurship.

Keywords: Social entrepreneurship, poverty alleviation, social business

INTRODUCTION

The Poverty is a classic problem experienced by developing countries. It occurs because of the inability to manage the resources they have, such as natural resources and human resources. Indonesia, as a developing country, has a poverty problem with no swift solution to reduce the percentage of its aggregate figure. According to official report of Indonesia Central Bureau of Statistics (2024), approximately 25.2 million of Indonesia's population had fallen below the poverty line, that a decreased from the previous year. One of the causes is the uneven development in each region. Therefore, equitable distribution of development results is of particular concern to the government in formulating policies in poverty alleviation. Besides, poverty cannot be separated from other economic problems, such as income inequality. There is a linear relationship between inequality, poverty, and economic growth (Chotia & Rao, 2017; Smythe et al., 2024).

There have been many government programs to reduce the poverty rate, although they are not optimal. Some of these programs include social assistance, improving infrastructure, and developing Small and Medium-Sized Enterprises (SMEs). Long before the program was implemented, the government had provided a policy of providing rice for the poor and the Social Safety Network (JPS) for the community. However, these

policies were not effective enough in reducing the poverty rate. The failure occurred because poverty alleviation is only focused on providing consumptive assistance, so people were unable to be independent and productive due to their dependence on the government.

The World Bank provides an assessment of how to advance the economy substantially, namely providing recommendations for the government to implement effective public policies and programs in partnership with the civil society and private sector organizations (World Bank, 2014). This strategy is essential to create synergies in building an economy that will ultimately be sustainable, continual, and inclusive, and therefore it can be felt by the community. In addition, the government can stimulate the community through household-based job creation, which is expected to impact the country's economy.

One way to solve social problems that are widely applied in developed countries is to foster social entrepreneurship. Social entrepreneurs are individuals who understand social problems and use their abilities as entrepreneurs to make changes in the social environment, education, and health, as well as in the field of welfare. Some examples of empirical facts about social entrepreneurship's success include the microfinance provider Grameen Bank by Muhammad Yunus, Aavishkaar Financial Consulting Singapore, and Fabio Rosa with the electricity network building program in Brazil. Several studies provide evidence that social entrepreneurship is believed to be one of the effective ways to accelerate poverty and unemployment alleviation. This is because social entrepreneurship offers a better advantage than just creating job opportunities. Social entrepreneurship has a great benefit because social entrepreneurship does not focus on individual success but collaborative partner creation within society at large.

In Indonesia, social entrepreneurship is proliferating, along with the belief that it can solve social problems. This is proven by the establishment of the Indonesian Social Entrepreneurship Association (AKSI) in 2009. In Indonesia, social entrepreneurship focuses on empowering the community by optimizing local wisdom and potential. Many studies on social entrepreneurship have been conducted in Indonesia (Duncan-Horner et al., 2022; Heriyati et al., 2024; Imanuella et al., 2025; Kania et al., 2021), but none has focused on religion-based entrepreneurship. Indonesia, as a country with a majority of Muslims, has an excellent opportunity to develop religion-based entrepreneurship.

Religion-based social entrepreneurship identifies opportunities to encourage change in society and solve social problems by providing ideas and new services. Thus, religion-based social entrepreneurship is also associated with social innovation. This study takes a model of social entrepreneurship conducted by Nurul Hayat Foundation and its business units. The foundation is one of the institutions prioritizing independence and innovation in its operational activities. The foundation focuses on establishing a business unit whose generated profits will be channeled by the foundation for poverty alleviation and community prosperity, especially Muslims. Therefore, the foundation claims to be an institution belonging to the ummah. In other words, it is an institution trusted by the ummah because it prioritizes transparency and accountability in the management of the ummah's mandated funds.

Although social entrepreneurship has been massively studied to address poverty, existing literature predominantly focuses on secular models, leaving a gap in understanding the unique dynamics of religion-based social entrepreneurship. Few studies have examined how religious values and motivations shape the goals, strategies, and outcomes of social enterprises, particularly in developing countries where religion

significantly influences community behavior and social structures. Moreover, the role of faith-based organizations in fostering economic empowerment through socially driven business models remains understudied. There is also a lack of in-depth, qualitative case studies that highlight how specific religion-based entities, such as the Nurul Hayat Foundation, implement social entrepreneurship to achieve poverty alleviation. This study addressed the gaps by investigating the integration of religious principles, social innovation, and community empowerment in the practice of social entrepreneurship.

The present study contributes to both the academic literature and practical applications. This study emphasizes the integration of ethical, social, and religious values into entrepreneurial learning, suggesting that economic education should not only focus on profit-oriented business skills but also promote social responsibility and community empowerment. In terms of practical implementation, collaboration between faith-based social entrepreneurship and community services initiatives has the potential to significantly contribute to poverty alleviation.

Based on the presented background, this study's objectives are (1) investigating social entrepreneurship strategies in solving poverty problems using the social business concept and (2) formulating a religion-based social entrepreneurship model.

METHOD

This research is descriptive using a qualitative approach. The research was conducted at the Nurul Hayat Foundation. The choice of location because Nurul Hayat Foundation is one of the pioneering foundations in poverty alleviation and was awarded the best social organization award. This research uses primary data sources obtained through interviews with the foundation's management, two program managers—including, the fundraising manager and the distribution and utilization manager—and three employees from the foundation's business units. Besides, data were obtained through observations in work units, business units, and the foundation's partners.

The research sample was taken using the purposive sampling technique. The research subjects were the director/leadership and practitioners of social entrepreneurship of the Nurul Hayat Foundation and their business units. In this study, the research object focuses on examining the role of social entrepreneurship alleviating that involve the lens of a religion-based social enterprise. To achieve the objective, this study employed a combination of qualitative data collection techniques, such as in-dept interviews with key stakeholders, direct observation on program implementation and organizational activities, and documentation review of relevant reports, records, and organizational materials. The data collected were then analyzing using an interactive model of qualitative analysis, which involves four systematic steps: data collection, data reduction, data presentation, and conclusion drawing and verification. This method allowed to interpret the data holistically, identify patterns and relationship, and derive meaningful insights into the effectiveness and impact on social entrepreneurship in poverty alleviation.

RESULT

Nurul Hayat Foundation was established as a fundraising institution for *Infaq* (charity), *Shadaqah* (charity), Zakat, and distributing PT. FIRDHA PRIMA—a company owned by one of the foundation's administrators. In 2002, to support every program owned, apart from the CSR subsidies of PT. The foundation then secured an excellent business

opportunity, namely *Aqiqah* (the sacrifice of an animal (goat) on a child's birth). The *aqiqah* business unit is in line with the organization's goals, namely services in the social and dawah fields. The business unit is the main driving force allowing the foundation to contribute more to poverty alleviation through the generated profit. As a result, this business unit's success provides opportunities for the establishment of other business units. The foundation's programs include scholarships for orphans to educate them, business capital assistance for the poor, Quran-memorizing Islamic boarding schools and Islamic boarding schools in several cities, monthly incentives to Al-Quran teachers, disaster response actions, and other humanitarian causes.

Significant social impacts have been felt through social entrepreneurship, especially in its role in alleviating poverty. Ideas and innovations outside are the main force for running social entrepreneurship. In addition, control over brilliant minds within social entrepreneurs provides an impetus to seek opportunities in any application of social change. Entrepreneurs who can take risks prove that he/she is uncompromising in solving social problems. Building a just economy, especially for the poor, is a strong impetus for implementing social innovation. Entrepreneurship is defined as "creative destruction". This definition states that the concept of entrepreneurship is creative by encouraging to innovate and take advantage of current opportunities.

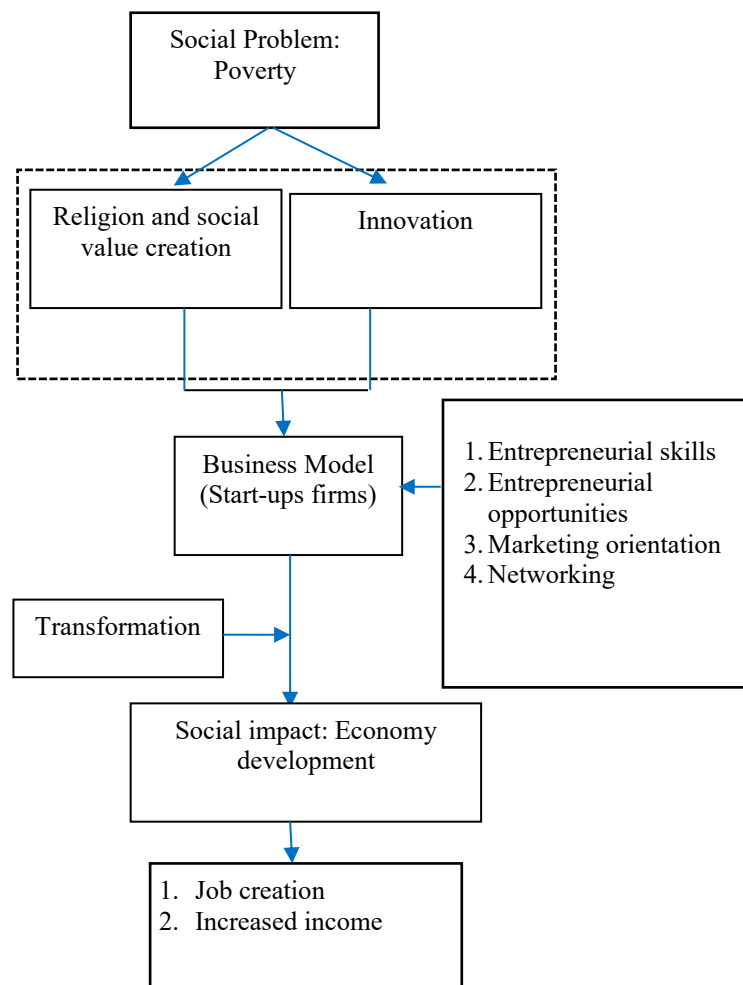
DISCUSSION

Social Entrepreneurship in Nurul Hayat Foundation

Nurul Hayat Foundation is a social-entrepreneurship business entity applying a business diversification strategy by developing several business units other than *aqiqah*. These units support each other, including providing sacrificial animals, printing, herbal shops, cooperatives, pharmacies, property, as well as tours and travel. The business unit establishment is in line with its social entrepreneurship approach through the social business leading to financial independence in supporting its social activities. Even though socially oriented, the foundation remains professional to generate profits. All profits obtained from business activities will continue to be distributed and redeveloped to the communities through their programs. More specifically, they are given to community groups at risk (the poor) with program activities that have social impacts and community independence by providing business capital, building village potential, giving educators incentives, and establishing schools for underprivileged children.

The approach taken by this foundation is in line with the statement of Seelos and Mair (2004), stating that social entrepreneurship will encourage ideas for non-profit organizations in terms of seeking financing so that their social activities do not depend on donors. Therefore, the foundation has made a transformation, become an independent organization, and proven that it is capable of implementing entrepreneurial values in its activities. Nurul Hayat Foundation has succeeded in implementing social entrepreneurship to act as a lever to solve social and economic problems (Patra & Nath, 2014; Noruzi et al., 2010). Social values have been created and become the main objective of the conducted work program. There are at least three keys to the success of social entrepreneurship in implementing social entrepreneurship. First, there is a firm commitment from the founders and administrators, and this provides an understanding that the foundation's establishment has the aim of empowering and helping the poor (Anggadwita et al., 2021; Zaki et al., 2022).

Figure 1
Social entrepreneurship in Nurul Hayat



Source: Adapted from Austin (2006); Perrini and Vurro (2006)

Second, the emphasis on awareness within the organization regarding the foundation’s business unit is independence. Most of the profits that will be obtained are distributed to organizational goals, namely community empowerment through improving the life quality. Third, the foundation has a focus on organizational goals, namely social value creation and independence. Table 1 describes the entrepreneurial analysis conducted by Nurul Hayat Foundation and its business units.

Table 1
Social entrepreneurship analysis

SE Aspects	Nurul Hayat Foundation
Social Value Creation	<ul style="list-style-type: none"> • Providing services to the community, including education, health, economic empowerment, dawah, and social services programs
Innovation	<ul style="list-style-type: none"> • Building the community economy through community empowerment programs by utilizing the owned business units

SE Aspects	Nurul Hayat Foundation
Business Model	<ul style="list-style-type: none"> • Building communication in the form of magazine publications, books, and organizing activities related to social development programs. • Build cooperation networks, both nationally and internationally, through an owned business unit (Aqiqah) • Providing educational program services through the establishment of an entrepreneurship campus to memorize the Koran, Islamic boarding schools, and schools • Providing compensation to pregnant women as well as providing medical treatment, caring for the corpse, and responding to disasters • Creating jobs for the poor through partnerships owned by business units • Implementing community social service programs through the management and distribution of Ziswaf funds (zakat, infaq, shadaqah, and waqaf)
Transformation	<ul style="list-style-type: none"> • Releasing dependence on funding from donor or donor agencies to ensure the sustainability of its social activities by establishing an institution through entrepreneurial activities (owned business units)
Social Impact	<ul style="list-style-type: none"> • Increasing community empowerment, improving education, and improving health quality

In the context of the business unit owned by Nurul Hayat Foundation, it can be seen that social entrepreneurship, an agent of social and economic change, must be able to take advantage of ideas. Therefore, ideas and innovation are driving forces to create new product ideas accompanied by risk-taking courage (Castillo-Vergara & Garcia-Perez-de-Lema, 2021; Sebora & Theerapatvong, 2010). The nature and character of an entrepreneur, namely being brave to take risks, being an innovator, and being able to allocate resources effectively and efficiently. There are at least two essential elements regarding social entrepreneurship, namely innovation and social value creation

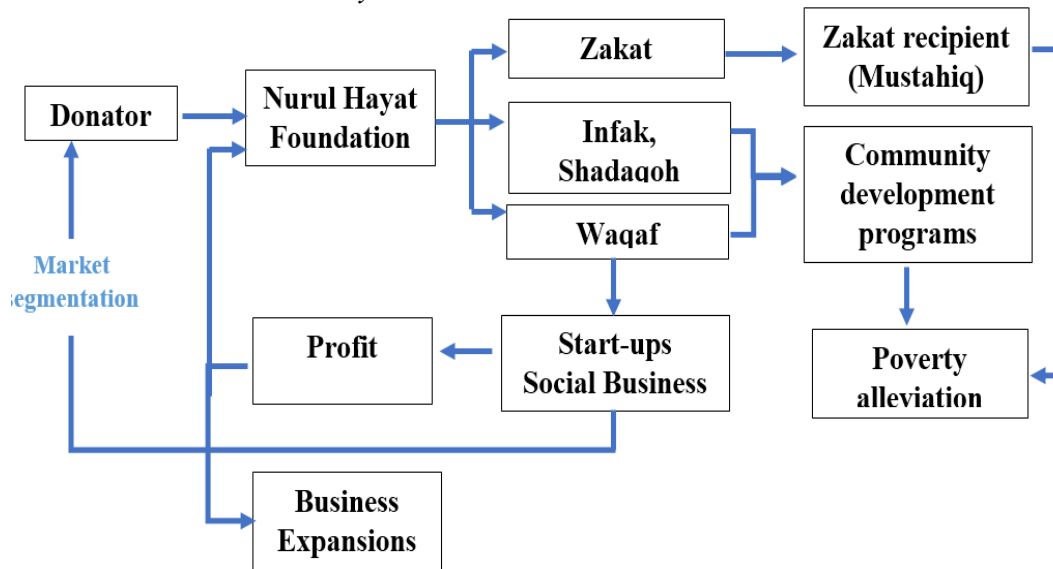
The concept of social entrepreneurship refers to innovation to exploit every opportunity to generate new ideas. Social entrepreneurship has indirectly contributed to social change through creativity and innovation based on entrepreneurial practices. Social entrepreneurship is a pioneer in social innovation with entrepreneurial qualities that include capacity building, problem-solving, and concretely showing the quality of ideas so that they can measure their social impact. The poor's economic development through an entrepreneurial approach by agents of social change (social business) has provided evidence with benefits felt by the community. Thus, it is hoped that the growth and development of the number of social entrepreneurs will contribute to economic development, especially poverty alleviation.

Social Entrepreneurship Based on Religion Model in Nurul Hayat Foundation

The Islamic economy is founded on a social awareness that prohibits of selfish wealth creations. Therefore, Islam has a sharing concept between the rich and the poor in *Zakat*, *Infak*, *Shadaqoh* and *Waqaf*. *Zakat* is mandatory for those who fulfil the provisions of Islamic law, while *Infak*, *Sodaqoh*, and *Waqaf* (donation) are the donator's wishes. Nurul Hayat Foundation will distribute the donations to build a community development program. Moreover, the foundation will manage the grants (*Waqaf*) to construct a start-

ups unit business that supports the foundation. Market segmentation of the business units is a donator that has loyalty to the foundation. The profits that earn will be used to support Nurul Hayat Foundation programs and business expansion. Even, all business units are social orientation, but they are managed well to achieve maximal profit.

Figure 2
Social business model in Nurul Hayat Foundation



CONCLUSION

Social entrepreneurship has a critical role in the breakthroughs, ideas, and innovations made by the perpetrators. Social business’s existence provides evidence that entrepreneurship can function as a community economic lever to increase income and improve the economy. In addition, social entrepreneurship has promoted sustainable economic development even though it is still within its limited reach. However, in the long term, the poverty alleviation agenda and programs may be realized. Innovative ideas and ideas, as well as courage in taking risks, give hope to efforts to solve socio-economic problems. The suggestions that researchers can recommend are that further researchers should use other theories to see the sustainability of social entrepreneurship having been conducted, for example, regarding entrepreneurial strategies.

Implication

This study has both theoretical and practical implications. In terms of theoretical implication, the empirical result may expand the conceptual framework relating to social entrepreneurship that involves religion-based poverty alleviation. Moreover, for practical implication, the findings reveal that the success of the dual-structure model, i.e., business and charity, may reduce poverty alleviation by collaborating among religion-based social entrepreneurship and government, as well as non-government organizations that focus on empowerment as well as poverty alleviation.

Limitation and Future Direction

This study has some limitations that should be considered. First, this study focuses solely on an Islamic-based foundation, which may not fully represent the diversity of religious approaches to social entrepreneurship. Therefore, the findings may not be generalized to other faiths such as Christian, Hindu, Buddhist, Catholic, and Confucianism. Future studies can conduct comparative studies across multiple religion-based social foundations such as Christian charities, Hindu or Buddhist philanthropy models to identify differences in poverty alleviation strategies. Second, this study relies on qualitative methods such as interviews and observation where the findings may lack statistical generalizability. Future researches may involve mix-methods that combine quantitative and qualitative methods to strengthen validity.

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