FACTORS SUSTAINING SOCIAL ENTERPRISES FROM THE *TAWHIDIC* PARADIGM IN MALAYSIA

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ABSTRACT

This paper attempts to analyze the factors that sustain social entrepreneurship theory from *Tawhidic* paradigm perspective. It describes the nature of the social entrepreneurship, the scope and boundaries of assessment on social entrepreneurship environments, and the assessment of internal aspects social entrepreneurship entities in order to formulate, implement, and evaluate strategies for survival and growth. This paper also develops an alternative model as a means to achieve sustainability in terms of innovation and competitive advantage for social entrepreneurship. It uses in-depth interviews with 10 participants including policymaker, subject matter experts, and founders of social enterprises in Malaysia. The finding indicates that the *Tawhidic* approach contributes to the theoretical and practical understanding of the factors sustaining social enterprises in Malaysia. Future research should incorporate more participants to further debate the dynamics of key components in the subject matter of the study.

Keywords: sustainability; social enterprises; *Tawhidic* paradigm

INTRODUCTION

In general, although the enterprises' motive was to make profit, they still made a huge contribution to the economy through tax and charitable activities. The dynamism of the economic activities has shifted the economic attention to include entities within the society to take part in social entrepreneurship. However, a theoretical problem remains on how entrepreneurs could unify the economic, social, and ethical concerns into business entities. Mathematical equations in many economic theories could not solve this issue. Likewise, many qualitative studies have shown that there are theoretical misalignments in integrating the two concepts harmoniously in social entrepreneurship.

Social entrepreneurship in the contemporary economy requires more dynamism to sustain its function as a vital engine of economic growth. Sustainability has been debated from the contemporary view as ideally incorporating a holistic and balanced approach for business and societal activities. The implication of social entrepreneurship for the region continues

to receive positive feedback from the society. With the mission and vision of the social enterprise accepted worldwide, the social business can gain competitive advantage through the innovation that they created and sustain over time.

Ideally, sustainability has been debated as a contemporary view for a holistic and balanced approach for business as well as social activities. The main argument for the sustainability view is to address the damages, pollution, and problems in human society from bigger, comprehensive, and holistic stakeholders' perspectives. Nevertheless, scholars are still unable to offer the sustainability theory with holistic, balanced, comprehensive and bigger perspectives for social entrepreneurship. The market is waiting for government-driven initiatives on sustainability instead of proactive roles from the industry. The issue of sustainability has been debated without having solid, concrete, substantial and comprehensive view.

Factors sustaining social enterprises from the *Tawhidic* paradigm offer an alternative model that is based on Islamic teaching and spirituality. This alternative model offers new insight and philosophy to sustain social enterprises from the spiritual dimension. The primary contribution of *the Tawhidic* paradigm as an alternative insight to sustain social entrepreneurship is due to the dual objectives i.e. for business profitability and social well-being. There have been theoretical debates on how could social entrepreneurship achieve dual objectives when both objectives are mutually exclusive. Indeed, *the Tawhidic* paradigm offers a comprehensive, holistic, and balanced view on the roles, duties, and functions of human to achieve dual objectives as servants and vicegerents of Allah guided by the Holy Qur'an and the Traditions of Prophet Muhammad PBUH.

The objective of this paper is two-fold. Firstly, it is to examine the elements in *the Tawhidic* paradigm that can sustain social enterprises. Secondly, it is to explore the insights that contribute to the factors in sustaining social enterprises from *the Tawhidic* paradigm.

The paper is structured as follows. Section 2 reviews the literature related to social entrepreneurship, triple bottom line concept and *Tawhidic* paradigm. This is followed by methodology adopted in this study under section 3. Section 4 discusses the findings of the study followed by some discussions in Section 5. Lastly, Section 6 concludes.

LITERATURE REVIEW

Social Entrepreneurship

Social entrepreneurship involves seizing the benefits for the innovation of a social purpose in the economy (Corner & Ho, 2010; Leadbeater, 1997). To succeed in business, some people do things differently from others even though the main reason to venture into business is to make profits. This is supported by research which investigated at the beginning of social entrepreneurs showed that the result or outcome of the organization stands out (Dees, 2001; Fiet et al., 2006).

Opportunity identification in social entrepreneurship describes social entrepreneurs as actively seeking new ideas to serve the society. According to Weerawardena & Mort (2006), the process of opportunity identification and evaluation is influenced by social mission, organizational sustainability, and environmental dynamics. Thus, the social entrepreneurship term has been used to describe the avocation and mission of a society. It may also refer to the notion of "total wealth" as presented by Zahra et al. (2009). Social entrepreneurship embodies the relationship between social activities and economic wealth generation conducted to sustain business activities (Boschee & McClurg, 2003; Emerson & Twersky, 1996; Thompson, 2002). There are perceptions that the Islamic-based social entrepreneurship could be assimilated with socialism and communism, which are practiced in Eastern Europe, the former Soviet Union, and

communist countries.

To create social entrepreneurs, it is essential to plan the idea from the early stage so that entrepreneurship will sustain in the long term. One of the major reasons why entrepreneurs or owners of social entrepreneurship should begin with planning is to increase the probability of success and sustainability (Kickul & Lyons, 2012). As a way to achieve its objective, a social entrepreneurship needs to have a plan and operate accordingly (Miller, Cardinal, & Miller, 1994; Rogers, Miller, & Judge, 1999).

Triple Bottom Line Concept

Sustainability is always the primary concern in economic planning. The well-being of the nation is always being indicated with numbers instead of the quality of living, welfare, and wellness of people. Instead of this, economic planning and development have always subscribed to the holistic, balanced and entrepreneurial approach to assure sustainable growth and benefit to all stakeholders. Thus, the introduction of the Triple Bottom Line (TBL) concept introduced by John Elkington in 1994 has been used by many organizations to gain sustainability development. According to Elkington (1994), he argued that the profit of the business activities is not the ultimate goal but to give impact to the social and also save the environment in a way to gain sustainability for now and future needs. TBL or also commonly called the 3Ps i.e, people, profit and planet, is an accounting framework to measure sustainability.

Under people concept, it is said that an organization needs to focus on human touch relationship. It involves activities which give social impact or economic development. It is designed for people-centric individuals in order to gauge the extent of the organizations benefits the society. Meanwhile, the profit emphasis is on the flow of income and business diversity factors. Finally, the planet or environmental concept looks at how the organization's strategy highlighting the importance of protecting the environment for sustainability.

Figure 1: Triple Bottom Line Concept

Tawhidic paradigm

Tawhidic paradigm is a belief in the operationalization of Islam as a way of life. *Tawhid* refers to the absolute oneness of power and guidance without any association. Paradigm refers to mental imagery, thinking, and mental visualization. The *Tawhidic* paradigm can thus be defined as the absolute oneness of power influencing and dominating mental imagination, thinking, and visualization of life. The subscription to the *Tawhidic* paradigm requires knowledge, conviction, love, sincerity, adherence, and acceptance before operationalizing it into life.

The key to operationalizing *Tawhid* in life is through worship *('ibadah)* as servant *('abd)* and vicegerent (*'khalifah*) of

Allah. Any action and decision is regarded as worship if in line with Islamic teachings. In terms of classification, there are general worship (*'ibadah am*) and specific worship (*'ibadah khusus*). General worship includes every action, deed, and activity in everyday life. Specific worship, on the other hand, is limited to time, space, and event. Figure 2 summarizes the elements of *the Tawhidic* paradigm.

Figure 2: Elements of *Tawhidic* Paradigm (Source: Ismail & Sarif, 2011)
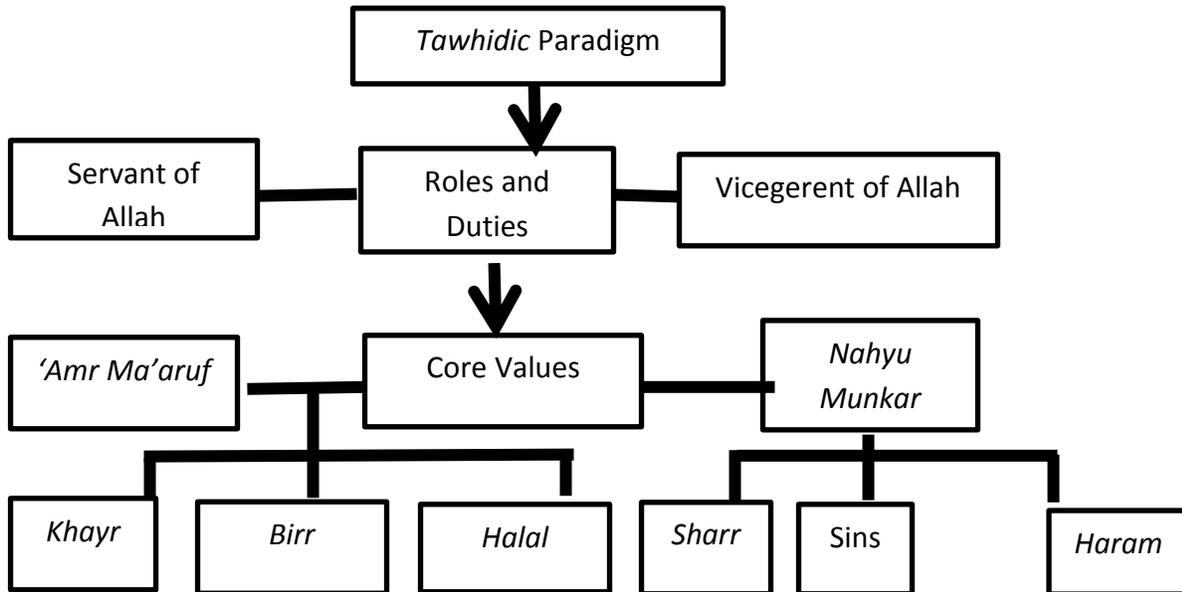
For this purpose, the introduction of *the Tawhidic* paradigm that combines the spirit of *Tawhid* (Unity of God) with the roles and duties as servant and vicegerent of Allah is believed as the right guideline to gain sustainability in business. With this spiritual awareness, the evolving and continuous operation of the *Tawhidic* paradigm approach in social entrepreneurship will result in businesses achieving their mission and objectives by implementing mutually reinforcing values referred to as promotion of goodness *('amr bil ma'aruf*) and prevention of evil (*nahi 'anil munkar).*

The use of *the Tawhidic* paradigm in this research is aligned with the understanding of the *Tawhidic* paradigm as the revelation that guides the thinking of human beings. The implementation of *the Tawhidic* paradigm begins with the specified duties of mankind as vicegerents and servants of Allah towards the surrounding (Al-Faruqi, 1982). The sustainable thinking in the *Tawhidic* paradigm, which can be used all the time has been specified from the beginning in *Al-Quran* and *Sunnah*. In contrast, universal values consist of human values that are based on thinking. The conventional ideas evolve using reasoning, which cannot sustain a competitive advantage since situational values need to adapt to current developments of business duties and responsibilities.

METHODOLOGY

In this study, the use of in-depth interviews was adopted for data collection. Since the issue of social entrepreneurship is not an easy concept to be tested through existing theories which are mainly interdisciplinary, this study tries to pave the way for future studies by identifying factors which could sustain social enterprises from *Tawhidic* paradigm.

For this study, a total number of 10 participants who consists of one policymaker, three subject experts and six social enterprises were interviewed. Along the data collection process, We managed to get the quickest response via email from the participants within 30 minutes while some of the interviews took around one month to book a slot for the interview date due to the unavailability of suitable time.

Under the data analysis section, the transcription of the interview and field notes were used in this study. The coding was divided into themes and categories in order to differentiate which data are going to be gathered and which data are important for this study. Each theme and categories had been analyzed and translated accordingly to meet the objectives of the study. Once sufficient data have been collected and transcribed, we progress to the next stage in building and indexing a system for the dataset.

To analyze the data, the study uses QDA Software, ATLAS.ti that normally assists many researchers in getting accurate theme and analyzing data for their research. With the help of ATLAS.ti software, the study can arrange and analyze the data gathered from the interview in detail according to the right coding and theme.

The details of the participants involved in this research are described in Table 1 in terms of assign code, designation, job description or principal activities.

Table 1: Summary of the participants

Code	Designation	Job Description / Principal activities
PM1	Director	Planning and Development Section, Ministry of International Trade (MITI)
EX2	Director	Malaysian Academy of SME and Entrepreneurship Development (MASMADE), Universiti Teknologi Mara (UiTM)
EX3	Director	Entrepreneurship Development Centre, Universiti Sains Islam Malaysia (USIM)
EX4	Manager	Strategic Initiative Asian Centre of Entrepreneurship, Malaysian Global Innovation & Creativity Centre (MaGIC)
SE5	Founder	Sells do-it-yourself (DIY) product and bags made from preloved jeans
SE6	Founder	Employs disabled people, single mother, and underprivileged youth
SE7	Founder	Offers free workshop for employability among universities students
SE8	Founder	Provides crowdfunding platform for helping underprivileged university students to pay tuition fees
SE9	Founder	Provides consultation and micro-financing to underprivileged women towards entrepreneurship
SE10	Founder	Sells sanitary pads made from bamboo to corporate company and supplying it to underprivileged secondary students in Sabah

FINDINGS

This section presents the feedbacks obtained from the personal interview with 10 participants consists of policymakers, subject experts and social enterprises. The factors that sustain social enterprises include social, economic, environmental and spiritual. The summary related to factors sustaining social enterprises from *the Tawhidic* paradigm is described in Table 2.

Table 2: Analysis of factors sustaining social enterprises from the *Tawhidic* paradigm

Code	Themes	Details
PM1	Economic Social	a) Long term planning b) Proper business model c) Trustworthiness
EX2	Spiritual	a) Gain a reward from Allah b) Believe in sustenance
EX3	Social	a) Knowledge b) Clear vision and mission
EX4	Social Economic	a) Intention to help society b)Innovation towards technology advancement
SE5	Environmental Social	a) Protect the environment b) Give impact to the society
SE6	Spiritual Economic	a) Reward from Allah b) Seek for business opportunities either collaboration with government agencies or other social enterprises
SE7	Spiritual Economic	a) To please Allah b) Innovation towards 4th industrial revolution
SE8	Social Spiritual	a) Passionate b) Integrity
SE9	Economic	a) Measure the impact to the society using Social Return of Investment (SROI)
SE10	Environmental Social	a) Intention to help society b) Never give up

PM1, EX3, EX4, SE8, and SE10 argued that social factors essential for the sustainability of social enterprises which involved trustworthiness, knowledge, clear vision and mission, impact to society, passionate and never give up. For instance, PM1 mentioned:

> *[…] Islamic element jadi seorang yang reliable dan trustworthy. Bila sebab Nabi Muhammad SAW pun sebab dia jadi usahawan yang berjaya sebab dia trustworthiness dia, orang percaya kat dia. Jadi bukan senang entity, enterprise atau social enterprise, value dia yang consistence, istiqamah. value dia memang strong, ada dan orang percaya. reliable trustworthy … business yang hanky-panky tak perlu. Sebab dia telah membuatkan diri dia telah berada di tahap yang sangat tinggi.*

(Islamic element will make a person reliable and trustworthy. Prophet Muhammad PBUH is also a successful entrepreneur because of his trustworthiness. People trust him. It is not easy for enterprise and social enterprises to have consistency in value, steadfastness with very strong value and people trust the reliable trustworthy … no hanky panky business because he has made himself to be at the top level)

PM1, EX4, SE6, SE7 and SE9 contended under economic factors for sustaining social enterprises are, among others: long term planning, proper business model, innovation towards technology advancement and 4th industrial revolution, seek for business opportunities either collaboration with government agencies or other social enterprises, and measure the impact to the society using Social Return of Investment (SROI). As remarks made by SE7 under proper business model:

[...] Basically my point of view that social entrepreneurship can have any type of business model. For example, you have Grameen Bank because the reason for it is that during 1980s, the Grameen Bank is the pioneer. Every social entrepreneur would know who Prof Yunus is. Because he developed the model which is sustainable, profitable and impactful. And this all based on trust. But it won't, Like I said, it was micro-financing. I mean you go anywhere else in the world; it's entrepreneurship need business model. You have to have business model any kind and you have the social impact.

SE5 and SE10 pointed out their mission to protect the environment and intention to help the society which fall under environmental factors as an important factor for business sustainability. SE10 mentioned:

Kita dah support 1500 girls. Meaning kita dah sponsor sanitary pad kat dia orang which help reduce 376,000 pads to the land field. Maksudnya tu dia punya dari segi environment. 5 pads tu can last until 5 years so dia dah save. 1 save economical and then environment, kita tak buang.

(We already supported 1500 girls. Meaning we already sponsored sanitary pads to them which helped reduce 376,000 pads to the land field. It means in terms of environment, 5 pads can last until 5 years so we save. 1 economical and then environment, we don't throw it away.)

For the spiritual factor, EX2, SE6, SE7 and SE8 emphasized on gaining reward from Allah, believing in sustenance, and pleasing Allah as factors for social enterprises and sustainability in the business. This fact mentioned by EX2:

Ermm personally, Saya rasa sangat penting, it is very important sebab kalau kita tengok kepercayaan. You punya believe kan. Kalau kita sebut paradigm la tu. It is a set of believe. A set of believe yang membentuk your paradigm so dengan kepercayaan pada rezeki Allah akan bagi. And then kalau you tak buat kerja, mana you nak dapat rezeki. You kena usahakan. Itu semua dah ada guideline dalam Islam. In fact, kalau kita tengok dalam agama lain pun ada, bukan Islam je. Benda tu memang penting … Kita datang bekerja atau you buat business, kalau you tak yakin tentang konsep rezeki ni, you kerja kuat hari tu tiba-tiba you tak dapat seperti sekuat mana you kerja kan. Perasaan kita rasa lemahlah. Simple je konsep tu. Konsep yang sangat simple tapi susah nak dibuat lah. You believe that macam mana hebat you pun, kalau Allah tak bagi, tak bagi lah. Tapi biasa nya usaha ni berkadaran. Apa yang dapat, apa yang you buat, Allah akan bagi nanti.

(Ermm personally, I think it is very important (sustenance) because if we understand the concept of belief. Your own belief. We talk about paradigm which is a set of beliefs. A set of beliefs that shapes your paradigm so with the sustenance that Allah gives. And then if you don't do the work, how you will get the reward. You need to work hard. That is all the guidelines in Islam. In fact, if we see from other religions, not in Islam only. That is the essential

thing … If we go to work or you run a business, if you don't believe in the concept of sustenance, you work hard every day and suddenly you did not get the reward as you wish. We will feel demotivated. Simple concept but hard to do it. You believe that how good you are, if Allah does not want to give, so He will not give. But it is based on our effort. What we work for, Allah will give.)

DISCUSSIONS

The above findings explain some of the factors related to sustaining social enterprises in Malaysia. In addition, this study also explores new themes that need to be considered as competitive advantage tools. It includes the theme of *Maqasid Shariah* approach with the implementation of the *Pengurusan Tauhidik* idea. Besides that, this study proposes using the concept of *Rahmatan Lil 'Alamin* for sustainability strategy not only for social enterprises but also for other business activities.

The summary of findings and discussions are displayed in Table 3.

Table 3: Summary of findings and discussions

Paper Objective	Findings & Discussions
To examine the elements in *the Tawhidic* paradigm that can sustain social enterprises.	a) Business Paradigm: • Conventional – Capitalism • Islamic – *Tawhid* • Duties as vicegerent and servant of Allah
	b) Influence of *the Tawhidic* paradigm and *Maqasid Shariah* approach in the social enterprise business activities.
To explore the insights that contributes to the factors in sustaining social enterprises from the *Tawhidic* paradigm.	a) Four Core Elements of Critical Success Factors: • Social • Economic • Environmental • Spiritual in Islam
	b) Sustainability Concept (Triple bottom line)

Based on the qualitative findings of this study, a social enterprise's sustainability model is presented in Figure 3.

Figure 3: Influential factors sustaining social enterprises
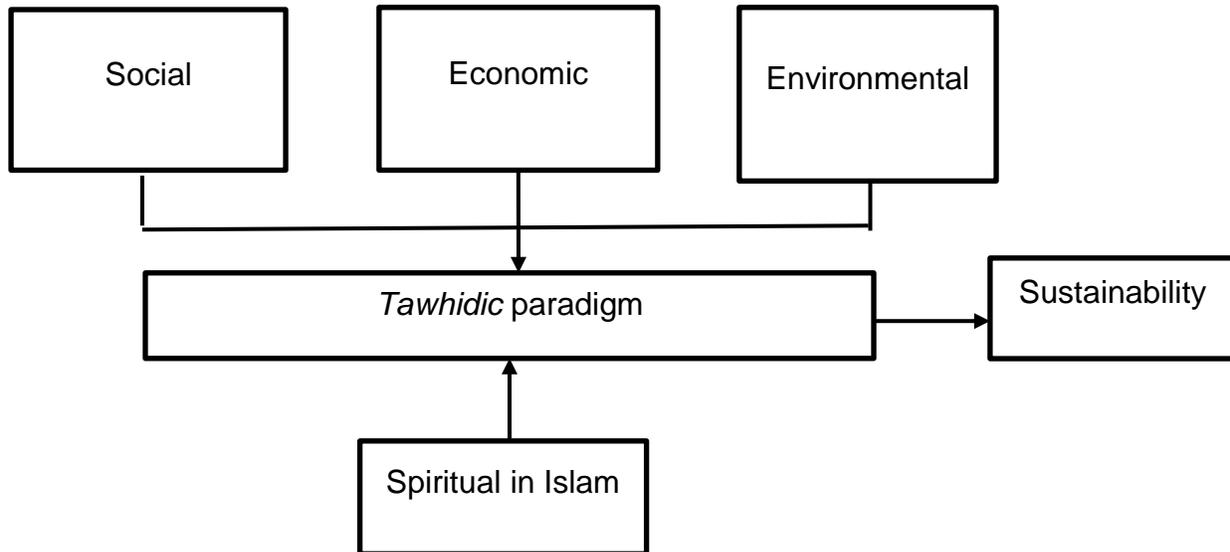
CONCLUSION

Currently, social entrepreneurs strive to achieve sustainability and gain competitive advantage through the reactiveness, and risk management behavior. Their behavior in a way is similar to the profit-oriented entrepreneurs, which requires them to adopt competitive ideas to achieve their social mission and to sustain in the industry. In doing so, they are responsive to and constrained by environmental dynamics. They continuously interact with a dynamic environment that forces them to pursue sustainability, often within the context of the relative resource of the organization (Davis, 1973).

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The finding of this paper indicates that the *Tawhidic* approach contributes to the theoretical and practical understanding of the factors sustaining social enterprises in Malaysia. For this study, a total number of 10 participants who consists of one policymaker, three subject experts and six social enterprises were interviewed. Future research should incorporate more participants to further debate the dynamics of key components in the subject matter of the study.

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