



Competitive Advantage through Social Entrepreneurship: A Porter's Diamond Analysis of Empowerment Strategy in Rumah Zakat (Faith-based Social Enterprise)

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Abstract

This study explores how Faith-based Social Enterprise's empowerment strategy, particularly through its Desa Berdaya program, which is conducted by Rumah Zakat, generates a competitive advantage in the context of social entrepreneurship. Using a qualitative case study design and applying Porter's Diamond Model as the analytical framework, the research examines four strategic dimensions: factor conditions, demand conditions, related and supporting industries, and firm strategy and structure. Data were collected through in-depth interviews, focus group discussions, and document analysis in Desa Wallagri, one of Rumah Zakat's flagship empowerment villages. The findings indicate that Rumah Zakat successfully leverages local human and social capital, responds to multidimensional grassroots needs, collaborates with MSMEs and digital platforms, and implements a hybrid governance structure. However, constraints remain, particularly in legal recognition and readiness for internationalization. The study concludes that faith-based social enterprises can achieve scalable impact when they align moral vision with strategic management. Recommendations are offered for practitioners, policymakers, and researchers to support social enterprise ecosystems in achieving sustainable development goals.

Keywords: *Social Entrepreneurship; Strategic Management; Porter's Diamond Model; Competitive Advantage; Faith-Based Social Enterprise, Empowerment Program*

INTRODUCTION

Poverty remains one of the most persistent challenges in global development. Despite numerous international and national initiatives, structural poverty continues to affect millions worldwide. According to the [World Bank \(2023\)](#), nearly 9% of the global population lives in extreme poverty, while multidimensional indicators from the United Nations Development Programme ([UNDP, 2022](#)) reveal that over 1.1 billion people experience deprivation in education, health, and income. In Indonesia, the poverty rate stood at 9.54% as of March 2022 ([Badan Pusat Statistik, 2022](#)), indicating that economic growth alone is insufficient to eliminate poverty without socially inclusive mechanisms.

Traditional top-down poverty alleviation approaches often fail to address the root causes of poverty or ensure sustainable solutions. In this gap, social entrepreneurship has emerged as a promising integrative model, blending entrepreneurial innovation with a mission to create social value ([Defourny & Nyssens, 2010](#)). This model allows for the generation of context-specific, community-driven, and scalable interventions for social change, particularly in marginalized communities ([Austin et al., 2006](#); [Nicholls, 2006](#)).

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Social entrepreneurship has emerged as an integrative approach that combines entrepreneurial innovation with a mission to create sustainable social value, particularly in addressing structural poverty that conventional top-down interventions often fail to resolve ([Defourny & Nyssens, 2010](#); [Austin et al., 2006](#)). In the context of nongovernmental organizations (NGOs), this approach enables the transformation of charitable resources into empowerment-oriented programs that promote community self-reliance and long-term resilience. Rather than focusing solely on short-term aid, social entrepreneurship emphasizes capacity building through micro-enterprise development, skills training, and access to productive resources.

This model has been widely adopted by NGOs to integrate financial sustainability with social impact. Global examples, such as Muhammad Yunus' Grameen Bank, illustrate how socially driven entrepreneurial initiatives can reduce poverty while maintaining operational sustainability. These characteristics make social entrepreneurship particularly relevant for faith-based organizations seeking to align moral commitments with strategic development goals.

In Indonesia, the faith-based social enterprise Rumah Zakat has become a leading example of this model. Evolving from a traditional philanthropic organization, it has shifted its focus toward sustainable development through initiatives like Desa Berdaya (Empowered Village), which provides community-based empowerment via education, entrepreneurship training, health services, and environmental programs ([Syaefullah, 2021](#)). This initiative targets Sustainable Development Goal (SDG) 1: No Poverty, by fostering community self-reliance and economic productivity.

One success story is Desa Wallagri in Subang, West Java. Previously a disadvantaged rural village, it now serves as a case study for empowerment where residents were mentored into forming micro-enterprises and eventually producing export-quality goods (Ramadhan & Hadi, 2021). The transformation illustrates how strategic interventions can elevate a charity-based initiative into a self-sustaining local economy.

Despite this success, Rumah Zakat's empowerment model has rarely been evaluated using a strategic management perspective. Most existing studies focus on its impact, yet overlook how such a model builds competitive advantage or prepares for global scaling. This study fills that gap by applying Porter's Diamond Model of National Competitive Advantage ([Porter, 1990](#)), a framework typically used to assess industrial competitiveness, but here extended to evaluate social entrepreneurship in the nonprofit sector.

The Diamond Model includes four interrelated components: (1) Factor Conditions (availability of local resources and human capital); (2) Demand Conditions (social needs and expectations); (3) Related and Supporting Industries (e.g., MSMEs, zakat partners, tech platforms); and (4) Firm Strategy, Structure, and Rivalry (e.g., internal operations and competition from similar NGOs or government programs). Applying this model enables a deeper understanding of how Rumah Zakat's strategy aligns with sustainable and competitive value creation.

This research addresses the following research questions:

1. How does Rumah Zakat's empowerment model reflect Porter's competitive advantage framework?
2. What strategic strengths and limitations does it exhibit in scaling its social impact?
3. How can faith-based social enterprises build a competitive advantage for global replication?

The research contributes to both academic and practical discourse in three ways. First, it introduces a strategic lens to assess the competitive potential of social enterprises. Second, it extends Porter's theory to the domain of non-profit and Islamic philanthropic organizations. Third, it offers actionable insights for practitioners seeking to design empowerment strategies that are both values-driven and strategically scalable.

This study ultimately argues that effective social entrepreneurship must not only be socially impactful but also strategically grounded, especially if it aims to scale globally in a competitive funding and stakeholder landscape.

LITERATURE REVIEW

Social entrepreneurship, as a hybrid model blending entrepreneurial practices with social value creation, has evolved significantly in both theory and practice over the past two decades (Nicholls, 2006; Defourny & Nyssens, 2010). Scholars argue that social enterprises operate in the intersection of market logic, public responsibility, and community engagement (Austin et al., 2006). In Indonesia, this model often takes a faith-based form, as in the case of Rumah Zakat, which integrates Islamic philanthropic traditions with modern strategic tools. The essence of social entrepreneurship transcends mere participation in charitable endeavors, demanding an innovative mindset and a deep-seated desire to catalyze social transformation (Sampaio & Sebastião, 2024). Social entrepreneurs are driven by a mission to address societal challenges through innovative and financially sustainable methods, attracting entrepreneurs, investors, educators, and policymakers (Greenwald & Constant, 2015). Social entrepreneurship is not solely aimed at generating profits but also at driving positive change within communities, prioritizing social impact (Yuniriyanti et al., 2020). Social enterprises are vital in addressing societal needs that governments and corporations sometimes overlook (François & Goi, 2023).

They combine business and social objectives, as well as pioneering strategies to tackle complex social issues, and promote sustainable development (Seelos & Mair, 2004). These organizations are designed to solve social problems using business methods, including the creation and sale of products or services (Nega & Schneider, 2014). Unlike traditional businesses, social enterprises prioritize social impact over profit maximization (Scuotto et al., 2019). They tackle challenges such as poverty, environmental conservation, and healthcare accessibility, while operating under a sustainable business model. (Pandey & Ugrasen, 2019). The increasing interest in social entrepreneurship reflects a growing recognition of the limitations of traditional aid and welfare models in addressing global challenges such as poverty and inequality (Cannatelli et al., 2012).

From a strategic perspective, Porter's Diamond Model has been applied beyond the industrial sector to examine regional competitiveness and institutional strategy. Although originally developed for national industries (Porter, 1990), it has been adapted to nonprofit settings to assess strategic alignment and scalability potential (Crouch & Ritchie, 1999). Four key dimensions, factor conditions, demand conditions, related/supporting industries, and firm strategy/rivalry, offer a holistic lens to evaluate how social enterprises gain a competitive advantage. Competitive advantage, a cornerstone of strategic management, empowers organizations to outperform their rivals and secure market dominance. Michael Porter's Diamond Model offers a comprehensive framework for understanding the factors that contribute to a nation's or region's competitive advantage in a particular industry (Tian & Smith, 2014).

This model posits that four key determinants, factor conditions, demand conditions, related and supporting industries, and firm strategy, structure, and rivalry, interact to shape the competitive landscape. Porter's Diamond Model serves as a strategic tool for businesses, offering a comprehensive view of how to achieve and sustain a competitive edge in the global market. Competitive advantage, as a central concept in strategic management, refers to a firm's ability to outperform its rivals in the market, leading to superior financial performance and market share (Sufian, 2025).

Social enterprises blend business principles with a commitment to social responsibility, aiming to address societal or environmental challenges while generating positive social impact

("Exploring the Sustainability of Social Enterprises: A Scoping Review," 2024). Social enterprises must balance both financial sustainability and social impact, leading to unique tensions and challenges (Smith et al., 2013). These organizations function as a fusion of non-profit and for-profit models, pursuing a social mission alongside revenue generation, employing market-based cvd strategies to achieve social and environmental goals (Jones, 2024).

Studies have explored various aspects of social enterprises in Southeast Asia. For instance, Yanto and Suharti (2021) emphasized the need for adaptive governance and policy alignment in ensuring the sustainability of zakat-based programs. Meanwhile, Fauzia (2020) highlighted how faith-based organizations mobilize trust and legitimacy through community proximity and shared values. However, few studies have combined strategic management theory with faith-based social enterprise practice, creating a gap that this paper aims to address.

The Desa Berdaya model implemented by Rumah Zakat is particularly notable in the context of sustainable development and strategic empowerment. Its programmatic structure aligns with Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth). Nonetheless, critical examination is required to understand whether such alignment results in a measurable competitive advantage or remains at a narrative level.

This study contributes to the existing literature by applying Porter's framework to assess the competitive and strategic dynamics of a faith-based social enterprise. It highlights how Rumah Zakat not only addresses social issues through moral commitments but also operationalizes strategic tools to enhance its outreach, governance, and scalability.

RESEARCH METHOD

In line with qualitative inquiry principles, this study embraced methodological flexibility to accommodate the complexities of real-world empowerment programs. The design enabled interaction with diverse stakeholders whose narratives enriched the understanding of social value creation. The research also engaged in prolonged field immersion over six weeks, allowing the researchers to observe community dynamics, power structures, and informal mechanisms of collaboration in Desa Wallagri.

Data triangulation was not only used for validation but also for expanding the interpretive depth of findings. Documents reviewed included impact dashboards, strategic plans, and quarterly monitoring reports, which supplemented the lived experiences captured in interviews and FGDs. This ensured a rigorous cross-checking of narrative and numeric data.

Research Design

This study adopts a qualitative exploratory case study approach to deeply investigate the strategic components of social entrepreneurship implemented by Rumah Zakat, with a focus on the Desa Berdaya (Empowered Village) program. A case study design is appropriate when the research aims to explore complex phenomena within their real-life context (Yin, 2014). This method allows an in-depth examination of how the organization's empowerment strategy aligns with the dimensions of Porter's Diamond Model, and how these components interact to create competitive advantage in a social entrepreneurship context.

Research Setting and Subject

The primary research site is Desa Wallagri, located in Pasanggrahan Village, Ujungberung District, Bandung. This village was selected due to its well-documented success under the Desa Berdaya program and its recognition by Rumah Zakat as a best-practice model. The broader organizational context is Rumah Zakat, a national philanthropic institution in Indonesia that manages Zakat, Infaq, Sadaqah, and Waqf (ZISWAF) funds to support social welfare programs.

Units of Analysis

This study analyzes three main stakeholder perspectives within Rumah Zakat's empowerment ecosystem:

1. Donors – philanthropic individuals and institutions funding the programs;
2. Implementers – staff, program managers, and volunteers involved in executing the empowerment initiatives;
3. Beneficiaries – community members participating in and impacted by the programs.

This triangulated structure ensures a holistic understanding of how value is created, delivered, and sustained ([Miles et al., 2014](#)).

This study employed a purposive sampling strategy to select informants who were directly involved in Rumah Zakat's social entrepreneurship ecosystem. Participants were chosen based on specific criteria, including their roles as program managers, implementers, donors, and beneficiaries, as well as their direct engagement with empowerment programs.

The sample size of eight informants was considered adequate because the study prioritized depth of insight over statistical representativeness. Data saturation was achieved as recurring patterns and themes consistently emerged across interviews and focus group discussions, indicating that additional participants were unlikely to yield substantially new analytical insights.

Table 1. Participant

Code	Role	Gender	Approx. Age
D1	Donor Representative	Male	24
R1	Program Manager (Rumah Zakat)	Male	35-45
R2	Program manager (Rumah Zakat)	Male	35-45
B1	MSME Beneficiary	Male	40-50
B2	MSME Beneficiary	Female	60-65
B3	MSME Beneficiary	Female	50-60
B4	MSME Beneficiary	Female	50-60
B5	MSME Beneficiary	Female	50-60

The study involved eight participants representing donors, program implementers, and beneficiaries within Rumah Zakat's empowerment ecosystem. Participants varied in age, gender, and institutional roles, providing diverse perspectives on program implementation and impact. All participants were anonymized using coded identifiers to ensure confidentiality and ethical compliance.

Data Collection Techniques

Data were collected through two primary methods:

1. In-depth semi-structured interviews with eight informants representing the three stakeholder groups;
2. Document review of internal reports, program evaluations, and publicly available publications by Rumah Zakat.

All interviews and FGDs were audio-recorded (with consent), transcribed, and analyzed using Atlas.TI software to ensure systematic coding and theme development. And for the triangulation of the data, are used 2 types of triangulation.

1. Technique Triangulation – by using Focus Group Discussions (FGDs) involving local facilitators, program beneficiaries, and volunteers;

2. Time Triangulation – by interviewing the same informant at another time

Data Analysis Procedures

This study employed the thematic analysis technique proposed by [Miles, Huberman, and Saldaña \(2014\)](#), which involves:

1. Data reduction – identifying, coding, and categorizing key concepts;
2. Data display – organizing emerging themes in visual and narrative formats;
3. Conclusion drawing and verification – interpreting the strategic implications of the findings in relation to Porter's Diamond Model.

Themes were aligned with each component of the model: factor conditions, demand conditions, related and supporting industries, and firm strategy/structure/rivalry. For example, themes such as local human capital, market readiness, and donor networks were mapped to the corresponding theoretical dimensions.

To enhance analytical rigor, this study employed thematic analysis, as it enables systematic identification of recurring patterns across qualitative data while remaining sensitive to contextual meanings ([Miles et al., 2014](#)). This approach was selected due to its suitability for exploratory research and its capacity to align empirical findings with the dimensions of Porter's Diamond Model.

Coding reliability was ensured through an iterative coding process, where initial codes were developed from interview and FGD transcripts and refined through constant comparison across data sources. Peer debriefing with academic supervisors was conducted to review coding consistency and interpretation. In addition, triangulation across interviews, FGDs, and document analysis was applied to validate emerging themes and reduce researcher bias.

Trustworthiness and Rigor

To ensure validity and reliability, the study adhered to [Lincoln and Guba's \(1985\)](#) criteria of credibility, transferability, dependability, and confirmability:

1. Credibility was achieved through member checking and triangulation of interview, FGD, and document data;
2. Transferability was ensured by providing a detailed contextual description of Desa Wallagri and Rumah Zaka.;
3. Dependability was supported by maintaining an audit trail of coding and analysis decisions.
4. Confirmability was enhanced through peer debriefing with academic colleagues and clear documentation of methodological steps.

Ethical Considerations

The research followed ethical guidelines for social research. Informants were fully informed of the research objectives, and their informed consent was obtained before participation. Identities of informants were anonymized to maintain confidentiality. The study was conducted in alignment with academic ethics and the principles of respect and non-harm.

FINDINGS AND DISCUSSION

This section presents the findings of the case study and discusses them through the lens of Porter's Diamond Model of National Competitive Advantage. The results are derived from interviews, FGDs, and document analysis at Rumah Zakat and Desa Wallagri. The themes are categorized into four determinants of competitiveness: factor conditions, demand conditions, related and supporting industries, and firm strategy, structure, and rivalry.

Factor Conditions: Empowering Local Resources

Rumah Zakat leverages a combination of human, financial, and social capital to drive its empowerment agenda. In the context of *Desa Berdaya*, one of the key factors is the mobilization of local volunteers (*Relawan Inspirasi*) who are trained to facilitate entrepreneurship, education, and healthcare initiatives. These individuals act as frontline agents in converting local potential into productive assets. Moreover, Rumah Zakat optimizes ZISWAF (Zakat, Infak, Sadaqah, and Wakaf) resources, channeling them into sustainable micro-enterprises. Unlike one-time donations, ZISWAF funds are reinvested into programs that produce social and economic returns, thus serving both as capital and social trust instruments (Pratama & Mawardi, 2023). In Desa Wallagri, for example, capital was distributed for a local bag-production business, which now exports internationally. The presence of localized resources, labor, community knowledge, and social cohesion has become the foundation for this success.

The strengthening of local human resources is evident in participant experiences. A program implementer explained:

"Pendamping itu bukan cuma datang kasih modal, tapi benar-benar mendampingi dari awal sampai usaha itu bisa jalan sendiri."

(*"The facilitator does not merely provide capital, but continuously accompanies beneficiaries from the beginning until their businesses can operate independently."*) (R1, Economic Empowerment Staff).

A beneficiary further shared:

"Sebelum ikut program Desa Berdaya, saya tidak punya penghasilan tetap. Setelah ada pendampingan, saya jadi lebih semangat dan punya usaha sendiri."

(*"Before joining the Desa Berdaya program, I did not have a stable income. After receiving assistance, I became more motivated and started my own business."*) (B4, MSME Beneficiary).

Discussion

These outcomes affirm Porter's view that advanced factors (skills, infrastructure) contribute more significantly to competitive advantage than basic ones (natural resources) (Porter, 1990). Rumah Zakat has succeeded in upgrading basic philanthropic inputs into strategic resources that generate community self-reliance and economic productivity.

Demand Conditions: Grassroots Needs and Global Vision

Rumah Zakat's empowerment model is highly responsive to localized poverty conditions, while simultaneously incorporating global development goals, particularly SDG 1: No Poverty. The Desa Berdaya framework is tailored to community needs identified through participatory assessments, including food security, entrepreneurship mentoring, and education access (Rumah Zakat, 2024). Simultaneously, the organization cultivates a demand for social participation among donors, encouraging them to become "impact investors" rather than passive contributors. Rumah Zakat's communication strategies, such as its *"Donasi Cerdas"* (Smart Donation) campaign, educate donors about the long-term impact of their giving.

Donor expectations significantly shape demand conditions. A donor representative stated:

"Rumah Zakat selalu memberikan laporan yang jelas dan transparan, jadi kami sebagai

donatur merasa yakin bahwa dana yang disalurkan benar-benar tepat sasaran.”

(“Rumah Zakat consistently provides clear and transparent reports, which makes us confident that our donations are properly distributed.”) (D1, Donor Representative).

Porter (1990) argues that sophisticated and demanding consumers push organizations to innovate. Here, “consumer” includes both beneficiaries (whose needs inform program design) and donors (whose expectations drive transparency and results-based approaches). The presence of these dual demand forces enhances the innovation and impact orientation of Rumah Zakat.

Related and Supporting Industries: Strategic Networks

Rumah Zakat’s model is strengthened by its strategic alliances with micro, small, and medium enterprises (MSMEs), local governments, Islamic financial institutions, and educational partners. In Desa Wallagri, MSME collaboration has enabled the community to gain market access and training opportunities. The integration of digital platforms, such as Rumah Zakat’s Sharing Happiness portal, also connects donors with social programs in real time. Moreover, Rumah Zakat is part of national and international zakat networks, including the World Zakat Forum, through which it shares best practices and advocates for policy reform (Forum Zakat, 2020).

The role of supporting networks emerged clearly during focus group discussions. A local facilitator noted:

“Di Desa Berdaya itu tidak jalan sendiri, ada relawan, pendamping, dan kerja sama dengan berbagai pihak supaya usaha masyarakat bisa berkembang.”

(“The Desa Berdaya program does not operate in isolation; it involves volunteers, facilitators, and collaborations that help community businesses grow.”) (P3, Local Facilitator).

Porter (1990) emphasizes that strong supporting industries enhance productivity and innovation. In this case, Rumah Zakat benefits from both physical value chains (e.g., MSMEs) and institutional value chains (e.g., Islamic social finance networks), which reinforce its capacity to deliver and scale impact.

Firm Strategy, Structure, and Rivalry: Strategic Clarity with Adaptive Governance

Rumah Zakat operates with a hybrid structure, philanthropic in mission, but entrepreneurial in execution. Its programs are guided by a five-pillar framework: health, economy, education, environment, and disaster response. Each program includes impact measurement tools, contributing to strategic accountability. The Desa Berdaya model in Wallagri was recognized for its structured mentoring, results-oriented implementation, and adaptability. For example, business actors in the village received not only startup capital but also ongoing monitoring and market linkage support. Despite its achievements, Rumah Zakat (2024) still faces structural challenges. It operates within Indonesia’s philanthropic regulatory framework, which currently lacks formal legal recognition for social enterprises. Unlike countries such as South Korea or the UK that have passed legislation, Indonesia offers no direct fiscal incentives or enterprise certification mechanisms for zakat-based models (KoSEA, 2023).

The organization’s hybrid governance structure is reflected in its internal practices. A program manager explained:

“Program ini dijalankan dengan target dan evaluasi yang jelas, tapi tetap mengutamakan nilai sosial dan kebermanfaatan bagi masyarakat.”

(“This program is implemented with clear targets and evaluations, while still prioritizing social values and community impact.”) (R1, Program Manager).

According to Porter, the nature of domestic competition and organizational strategy affects innovation and resilience. Rumah Zakat’s clarity of strategy and internal governance enable it to function effectively in a competitive philanthropic landscape. However, the absence of enabling policies remains a barrier to greater competitiveness and international scaling.

Table 2. Strategic Strengths and Challenges of Zakat-Based Social Enterprises Using Porter’s Diamond Framework

Porter’s Diamond Element	Strategic Strengths	Constraints/Challenges
Factor Conditions	Local volunteers, social capital, reinvested in ZISWAF	Limited skilled international talent
Demand Conditions	Grounded in SDG 1, adaptive to grassroots needs	Limited international donor engagement
Related & Supporting Industries	MSME collaboration, digital platforms, zakat networks	Weak policy ecosystem for social enterprises
Firm Strategy & Rivalry	Hybrid model, impact measurement, adaptive governance	No legal status for zakat-based social enterprises

Implications for Theory and Practice

This study extends the applicability of Porter’s Diamond Model to the field of social entrepreneurship, particularly within the Islamic philanthropic sector. It also provides a framework for evaluating the scalability and strategic potential of empowerment programs like *Desa Berdaya*. Practitioners and policymakers can draw from these insights to:

1. Formalize zakat-based social enterprises under national legal frameworks;
2. Build capacity for international engagement (e.g., language skills, policy advocacy);
3. Leverage global zakat networks for innovation and knowledge exchange.

While the findings largely align with the expected outcomes of Porter’s Diamond Model, an unexpected observation emerged regarding the limited role of direct market competition. Unlike conventional competitive industries, Rumah Zakat’s advantage was not driven by rivalry but by collaboration and network-based partnerships. This suggests that, in the context of social enterprises, cooperative dynamics may substitute traditional competitive pressures.

CONCLUSIONS

This study addressed its research questions by demonstrating how each component of Porter’s Diamond Model contributes to Rumah Zakat’s competitive advantage. Factor conditions highlight the strategic role of human capital and social resources; demand conditions reflect donor trust and responsiveness to community needs; related and supporting industries emphasize the importance of collaborative networks; and firm strategy and structure reveal adaptive governance mechanisms. Collectively, these findings confirm that social entrepreneurship can function as a viable source of sustained competitive advantage beyond profit-oriented contexts.

Theoretically, this study extends the application of Porter’s Diamond Model to faith-based and nonprofit social enterprises, showing that social capital, moral legitimacy, and mission-driven

governance can operate as alternative sources of competitiveness. This contribution refines strategic management theory by demonstrating that competitive advantage in social entrepreneurship is shaped not only by market rivalry, but also by ecosystem collaboration and value-based strategy.

Practically, the findings offer actionable insights for social enterprise practitioners and policymakers. Strengthening mentoring systems, enhancing transparency and accountability, and fostering cross-sector partnerships are critical for supporting scalable and sustainable empowerment programs. Overall, this study underscores that effective social entrepreneurship requires the alignment of moral vision with strategic management, positioning social enterprises not merely as charitable actors, but as strategic contributors to inclusive and sustainable development.

Recommendations

For Social Enterprise Practitioners

1. **Formalize Strategic Planning:** Social enterprises should adopt strategic tools (e.g., SWOT, Balanced Scorecard) to strengthen competitiveness, measure impact, and prepare for international partnerships.
2. **Develop Global Capabilities:** Invest in international language training, global fundraising strategies, and digital outreach to enhance readiness for global engagement and cross-border replication.

For Policymakers and Regulators

1. **Legal Recognition of Social Enterprises:** The Indonesian government should introduce a legal category for faith-based social enterprises, enabling them to access tax benefits, social procurement schemes, and formal certification, similar to models in South Korea and the UK (KoSEA, 2023; Social Enterprise UK, 2020).
2. **Integrate Zakat Institutions into Policy Frameworks:** Recognize institutions like Rumah Zakat as partners in the national poverty alleviation agenda and create inclusive public-private-philanthropic platforms to scale proven programs like *Desa Berdaya*.

For Academic Research

1. **Extend Strategic Management Theories:** Future studies should apply and adapt other strategic models (e.g., RBV, stakeholder theory) to social entrepreneurship contexts, especially those rooted in religious, community-based, or indigenous systems.
2. **Conduct Comparative Studies:** Cross-national comparisons between Indonesian zakat-based models and similar organizations (e.g., Grameen Bank, KoSEA-backed firms) would help identify best practices and build a global knowledge base for hybrid ventures.

LIMITATION & FURTHER RESEARCH

This study has several limitations. First, the use of a single case study of Rumah Zakat limits the generalizability of the findings. Second, the small number of participants may constrain representativeness, although it allows for in-depth qualitative insight. Finally, the qualitative approach emphasizes interpretive understanding rather than empirical generalization, which should be considered when applying the findings to other contexts.

Future research could expand this study by conducting comparative analyses across multiple Islamic social enterprises to enhance generalizability. Quantitative or mixed-method approaches may also be employed to test the relationships identified in this study across larger

samples. Additionally, longitudinal research could examine how social entrepreneurship-driven competitive advantages evolve over time within different regulatory or cultural contexts.

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