

Conceptualizing Islamic Social Enterprise (ISE) from Islamic Perspective

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Abstract

The developments of social enterprise (SE) concept around the world have significantly impacted Islamic organizations' behavior and operation. Due to SE concept where both social and economic objectives are combined in a single entity, it has increased the complexity of Islamic organizations' operation. This is vital in maintaining sustainability and offering more contribution toward people especially Muslims society around the world. Islamic organizations that adopted SE concept are known as Islamic Social Enterprise (ISE). With the various types of ISE economics activities and different approaches in legal formation, there are issues arising in relation to its refined and definite concept. The same issues also can be found in the studies related to social enterprise (SE). Therefore, this study attempts to conceptualize the definition of ISE by discussing its objectives specifically from Islamic perspective. This study will enrich the literature on ISE by providing its alternative concept from the Islamic perspective.

Keywords: Islamic social enterprise (ISE), Social enterprise (SE), Conceptualizing, Islamic social finance.

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Introduction

In general, economic activities can be divided into three economic sectors which are public, private and non-profit sectors. These sectors consist of numerous structured organizations that are involved in different economic activities to achieve different goals and objectives. Previously, the establishment of an organization can be classified either as a public, private or non-profit organization. Fast forward, organizational classification has advanced into more complex establishment. There are more gaps need to be covered and these organizations can no longer relying on a specific sector. Thus, a combination of organization's objectives is made and a new type of organizations is arising. This includes the establishment of an organization that combines between public and private objectives (e.g. government-linked company), public and non-profit objectives (e.g. statutory body) and also non-profit and private objectives (e.g. SE). These combinations are made in order to fill the gaps arising from traditional organization structure and at the same time to support these organizations to achieve its objectives and goals.

The arising of social enterprise (SE) is driven by several push factors. This includes lessening involvement by public sector organizations in social activities, conceptualization of the market, growth of self-reliance and personal responsibility culture, growth of entrepreneurship and also changing in funding within the non-profit sector (Bull, 2008; Goerke, 2003; Kuratko, 2005; Pearce & Kay, 2003). By having economic activities under the non-profit sector, it becomes as an example on how two sector objectives which are social and business are combined under one organization (Liu & Ko, 2011). The combination of these two objectives under a single organization also comes with the combination of its characteristics, activities and entity formation itself.

From Islamic perspective, there are several differences between Islamic organizations and non-Islamic organizations. This includes Islamic objectives and values embedded within Islamic organization which is also known as Islamic practices. Islamic organization with Islamic practices is believed to exist in all types of organization in different economic sectors such as Islamic state under the public sector (Khomeini et al., 2002); Islamic financial institutions (IFI) under the private sector (Farook, 2007); and Islamic philanthropic institutions under the non-profit sector (Kamaruddin & Ramli, 2015). Therefore, it is believed that there is SE that adopting Islamic practice which is known as Islamic Social Enterprises (ISE).

Therefore, this study aims to discuss and conceptualize ISE based on its objectives from Islamic perspectives namely, Islamic social objectives, Islamic economic objectives and Islamic principles and values. In this case, a number of SE's concepts based on several typologies such as organizational structure, level of integration between social and business activities, organizational types, dimensions and objective tendencies or priorities are discussed. Based on discussions on SE's concepts, this study later summarized the possibility of conceptualizing ISE from Islamic perspective in order to provide alternative point of view on ISE concept from Islamic perspective.

The concept of social enterprise (SE)

Literature shows that SE is defined and conceptualized from many aspects and point of views. For instance, Alter (2007) attempted to conceptualize SE based on the organizational structure which consists of: (i) structured internally; (ii) structured as separate entity; and (iii) structured as the same entity. For structured internally, SE is structured as a department or a center for profit for non-profit organization. Meanwhile, structured as separate entity is defined when SE is established differently into another entity from the same non-profit organization entity. On the other hand, structured as the same entity is recognized when SE concept is adopted by original non-profit organization into their social activities and no changes is made in their organizational form.

Besides, the same study also proposed another possible concept for SE based on the level of integration between social and business activities which consist of: (i) embedded SE; (ii) integrated SE; and (iii) external SE. Firstly, embedded SE refers to an organization which has the same social and business activities. In this case, social activities are self-financed and by the same activities, both social and economic objectives are achieved. Secondly, integrated SE refers to an organization which has overlapped between its social and economic activities. In this case, social activities are commercialized into certain level or other market, or providing new products or services to the existing clients. This will provides synergy by adding values for both social and economic objectives. Thirdly, external SE refers to an organization which has differences between its social and economic activities. In this case, social activities are supported by receiving funding from economic activities. Normally, economic activities are unrelated to the non-profit organization's missions and more act as supporting objectives.

Next, Spear et al. (2009) tried to conceptualize SE based on organizational type. In this case, SE is divided into four common organizational types which are: (i) mutual business; (ii) trading charities; (iii) public sector-spin off; and (iv) new start SE. Under mutual business, SE is formed to meet the needs of a particular group of members through trading activities. Further, under trading charities, SE is established to meet the charities' primary mission or as a secondary activity to raise funds. Then, public sector-spin off is a situation where SE takes over the operating of services previously provided by public authorities. Last but not least, a new start SE is a situation where SE is set up as a new business by social entrepreneurs.

In similar point of view, Bielefeld (2009) summarized notions of SE by dividing it into three types of organizational forms which consist of: (i) a non-profit organization with some earned income; (ii) a non-profit organization or for-profit organization with the same concerns for social and financial objectives; and (iii) a for-profit organization with some emphasis on social responsibility.

Furthermore, Di Domenico et al. (2010) conceptualize SE based on common objectives which are: (i) revenues generations from trading activities; (ii) aim to achieve social and environmental goals; (iii) create additional benefits like social capital and community cohesion; and (iv) closely associated with the target group of the organization. On the other hand, another study by Nyssens and Defourny (2012) strived to

conceptualize SE into three dimensions which are: (i) economic and entrepreneurship dimension; (ii) social dimension; and (iii) participatory governance dimension. Under economic and entrepreneurship dimension, SE is refers to continuously producing goods and/or rendering services. In addition, as SE is involved with business activities, it also has significant economic risks like private business activities. However, SE just requires a minimum level of paid workers to run its business activities as its workforce is mainly comprised of volunteers. Meanwhile, for social dimension, SE is aiming to run for community benefits. In other word, SE is an initiative run by a group in a community which has limited profit distributions as compared to private entities. From participatory governance dimension, SE is refers to have a high degree of autonomy as there are no shareholders acting as its owners. The absence of shareholders affected the decision making process not to be based on capital ownership like private businesses. Furthermore, the decision making process is normally done according to various stakeholders who are affected by SE activities.

However, most of studies agreed that SE should be viewed based on its dual objectives (social and economic). For instance, Kerlin (2006) conceptualize SE as primarily social objective where its surpluses are principally reinvested in the business or in the community, rather than being driven for maximizing shareholders' wealth. In line with this point of view is Defourny and Nyssens (2008) where they viewed SE as an organization that is dedicated to solve social problems and to serve the disadvantaged by providing goods and services that may not be sufficiently delivered by traditional public, private or non-profit organizations. Similarly, Doherty et al. (2014) recognize SE based on its dual mission of financial sustainability and social purposes.

Based on these concept arguments, SE can be conceptualize as an organization that is situated between two spectrums, which are for profit and non-profit. SE incorporates these two elements' objectives and goals which serve the society and at the same time generating profits. Several elements and characteristics are derived from for profit spectrum such as social responsible investment, corporate philanthropy, social auditing, stakeholder accountability, ethics, company social responsibility (CSR), community relation and cause-related marketing. Meanwhile, other several elements and characteristics have shifted into SE from non-profit spectrum such as accountability, transparency, effectiveness, privatizations, social investing, measurable impact, social sustainability, market discipline and new public management (Feiss, 2009; Sabeti, 2009).

Conceptualizing islamic social enterprise (ISE)

Based on SE concept discussion earlier, two main objectives are embedded with SE concepts which are social and economic objectives. However, for ISE, it is believed that these two existing SE objectives itself is inadequate especially when it is viewed from Islamic perspectives. As one of Islamic organization type, ISE is believed to carry Islamic objectives in their operation. From Islamic perspectives, Islamic objectives or known as *maqasid shariah* is vital as a foundation for every Islamic organization (Muhamed et al., 2018). There are five basic elements under *maqasid shariah* that need to be considered for every activity and decision made by ISE, which are: (i) preservation of faith; (ii)

preservation of life; (iii) preservation of intellect; (iv) preservation of posterity; and (v) preservation of wealth (Ghazanfar & Islahi, 1997; Chapra, 1992).

Apart from *maqasid shariah* as a foundation for ISE, ISE is also believed to be embedded with Islamic practices in their daily operations and activities. Some Islamic values such as worshipping or obedience to Allah and practice are based on Islamic teachings or known as *shariah* principles as stated by Ahmad (1988) are highly believed to be embedded within them. Therefore, it can be concluded that ISE is an entity which is driven by both social and business objectives according to the Islamic principles and values. Based on these criteria for ISE, the following Figure 1 shows proposed ISE concept from Islamic perspective after considering both SE objectives and Islamic principles and values.

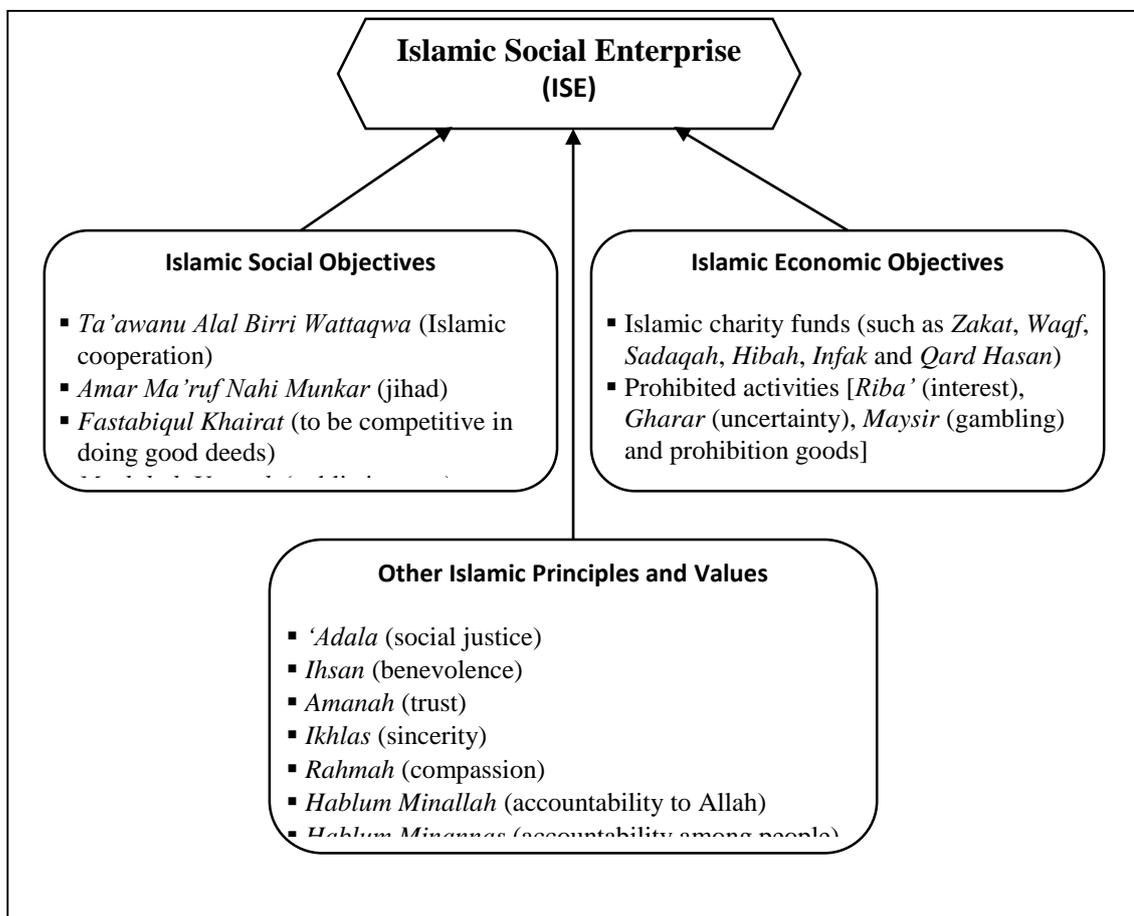


Figure 1: Islamic Social Enterprise (ISE) Concept from Islamic Perspective

Based on Figure 1, there are three aspects in conceptualizing ISE from Islamic perspectives which are: (i) Islamic social objectives; (ii) Islamic economic objectives; and (iii) other Islamic principles and values. Firstly, under social objectives, it is believed that several Islamic principles and values pertaining to social objectives or activities can be included to become as ISE's Islamic social objectives. This includes *ta'awanu alal birri wattaqwa* (Islamic cooperation), *amar ma'ruf nahi munkar* (commanding the good and

forbidding the evil or known as jihad), *fastabiqul khairat* (to be competitive in doing good deeds) and *maslahah ummah* (public interest) for Islamic social objectives (Kamaruddin & Auzair, 2018; Muhamed et al., 2016). The detail of these Islamic principles and values under ISE's Islamic social objectives are as follows:

i. *Ta'awanu alal birri wattaqwa* (Islamic cooperation) – under this concept, ISE is encouraged to deliver its responsibilities on the basis of goodness, which is to help others. This concept is encouraged based on the following Quranic verse:

“O you who believe! do not violate the signs appointed by Allah nor the sacred month, nor (interfere with) the offerings, nor the sacrificial animals with garlands, nor those going to the sacred house seeking the grace and pleasure of their Lord; and when you are free from the obligations of the pilgrimage, then hunt, and let not hatred of a people-- because they hindered you from the Sacred Masjid-- incite you to exceed the limits, and help one another in goodness and piety, and do not help one another in sin and aggression; and be careful of (your duty to) Allah; surely Allah is severe in requiting (evil)” (Al-Ma'idah 5:2).

ii. *Amar ma'ruf nahi munkar* (commanding the good and forbidding the evil or known as jihad) – under this concept, ISE is seen to have role in helping others and abstain others from reprehensible acts due to their poor or less fortunate conditions. This concept is encouraged based on the following Quranic verse:

“You are the best of the nations raised up for (the benefit of) men; you enjoin what is right and forbid the wrong and believe in Allah; and if the followers of the Book had believed it would have been better for them; of them (some) are believers and most of them are transgressors” (Ali Imran 3:110).

iii. *Fastabiqul khairat* (to be competitive in doing good deeds) – under this concept, ISE is believed to obey, receive and follow responsibilities given to them according with *shariah*. This concept is boosted based on the following Quranic verse:

“And every one has a direction to which he should turn, therefore hasten to (do) good works; wherever you are, Allah will bring you all together; surely Allah has power over all things” (Al-Baqarah 2:148).

iv. *Maslahah ummah* (public interest) – under this concept, ISE is needed to ensure every action or decision made by them must for stakeholders' interest or benefit at large. This concept is inspired based on the following Quranic verse:

“And We have not sent you, [O Muhammad], except as a mercy to the worlds” (Al-Anbiya' 21:107).

Secondly, under social objectives, it is believed that several Islamic principles and values pertaining to economic objectives or activities can be included to become as ISE's Islamic economic objectives. This includes involvement with Islamic charity funds, avoidance of prohibited economic activities in Islam and ensures that they are not dealing with prohibited goods in Islamic such as liquor and pork (Kamaruddin & Auzair, 2018;

Hati & Idris, 2014). Besides, ISE is also believed to run *shariah*-compliant businesses in adherence to *shariah*.

Under involvement with Islamic funds, it can be divided into two categories. For social activities, basically ISE is believed to be comprised of Islamic charity funds such as *zakat*, *waqf*, *sadaqah*, *hibah* and *qard hasan*. On the other hand, for economic activities, ISE is normally believed to involve with Islamic finance contracts such as *wadiah*, *wakalah*, *mudharabah*, *murabahah*, *musyarakah* and *ijarah*. The detail for these Islamic charity funds are as follows:

i. *Zakat* – the amount of money or kind taken from specific types of wealth when they reach a specific amount at a specific time which must be spent on specific categories in specific ways. *Zakat* refers to the proportion of capital (of wealthy people), possessing the *nisab* (minimum *zakatable* amount) within completion of *haul* (possession of capital for a *hijriah* year) contributed to the justified recipients of *zakat* at the prescribed rate mentioned in Islamic sources (Sadeq, 2002). There are lot of Quranic verses on *zakat* and one of it is as follow:

“And keep up prayer and pay the poor-rate and obey the Messenger, so that mercy may be shown to you” (An-Nur 24:56).

ii. *Waqf* – refers to protect something by preventing it from becoming the property of a third person. Therefore, it is an irrevocable gift of a corporeal property (*‘ain*) for the benefit of donor’s family or someone else or something, in perpetuity, as a charity promised and executed normally during the lifetime of the donor, which is not capable of transfer, gift, and transmission thereafter. There is a Hadith for encouragement of *waqf* which is:

Ibn Umar reported: Umar acquired a land at Khaibar. He came to Allah's Apostle (may peace be upon him) and sought his advice in regard to it. He said: Allah's Messenger, I have acquired land in Khaibar. I have never acquired property more valuable for me than this, so what do you command me to do with it? Thereupon he (Allah's Apostle) said: If you like, you may keep the corpus intact and give its produce as Sadaqa. So 'Umar gave it as Sadaqah declaring that property must not be sold or inherited or given away as gift. And Umar devoted it to the poor, to the nearest kin, and to the emancipation of slaves, aired in the way of Allah and guests. There is no sin for one, who administers it if he eats something from it in a reasonable manner, or if he feeds his friends and does not hoard up goods (for himself). He (the narrator) said: I narrated this hadith to Muhammad, but as I reached the (words)" without hoarding (for himself) out of it." he (Muhammad' said:" without storing the property with a view to becoming rich." Ibn 'Aun said: He who read this book (pertaining to Waqf) informed me that in it (the words are)" without storing the property with a view to becoming rich (Hadith No.4006, Book 13, Sahih Muslim).

iii. *Sadaqah* – the word *sadaqah* or *saddka* (plural *sadaqat*) is derived from an Arabic word *sidq*, which literally means sincerity or voluntary charity. Islamic scholar, Muhammad ash-Shawkani defined *sadaqah* as a sign of sincerity of faith on the part of

the person who gives it. Meanwhile, Said (2006) stated the giving of voluntary charity (*sadaqah*) is a responsibility beyond the obligatory payment of *zakat*. There are lot of Quranic verses on *sadaqah* and one of it is as follow:

“(As for) those who spend their property by night and by day, secretly and openly, they shall have their reward from their Lord and they shall have no fear, nor shall they grieve” (Al-Baqarah 2:274).

iv. *Hibah* – refers to transferring of a certain property (*mal*) without any material consideration and consent from the recipient. In addition, *hibah* is given both for richer and poorer. There are lot of Quranic verses on *hibah* and one of it is as follow:

“And give women their dowries as a free gift, but if they of themselves be pleased to give up to you a portion of it, then eat it with enjoyment and with wholesome result” (An-Nisa’ 4:4).

v. *Qard Hasan* – a loan that is interest-free and extended on goodwill basis, primarily for welfare purposes. Also refers as benevolent loan. There are lot of Quranic verses on *qard hasan* and one of it is as follow:

“Who is it that will offer of Allah a goodly gift, so He will multiply it to him manifold, and Allah straitens and amplifies, and you shall be returned to Him” (Al-Baqarah 2:245).

Besides involvement in Islamic charity funds and Islamic finance contracts, ISE under Islamic economic objectives are also believed to ensure that its operation are not associated with prohibited economic activities in Islam such as *riba*’ (interest), *gharar* (uncertainty), *maysir* (gambling) and dealings with prohibited goods such as liquor and pork. In other word, ISE is believed to run *shariah*-compliant businesses for its economic activities. The detail of these prohibited economic activities is as follows:

i. *Riba*’ (interest) – The ‘premium’ that must be paid by the borrower to the lender along with the principal amount as a condition for the loan or for an extension in its maturity (Chapra, 1992). There are a lot of Quranic verses on *riba*’ and one of it is as follow:

“O you who believe! Be careful of (your duty to) Allah and relinquish what remains (due) from usury, if you are believers. But if you do (it) not, then be apprised of war from Allah and His Messenger; and if you repent, then you shall have your capital; neither shall you make (the debtor) suffer loss, nor shall you be made to suffer loss” (Al-Baqarah 2:278-279).

ii. *Gharar* (uncertainty) – The sale of probable items whose existence or characteristics are uncertain, due to the risky nature which makes the trade similar to gambling (El-Gamal, 2001). There is a Quranic verse and a Hadith on *gharar* which is:

“O you who have believed, do not consume one another’s wealth unjustly but only [in lawful] business by mutual consent. And do not kill yourselves [or one another]. Indeed, Allah is to you ever Merciful” (An-Nisa’ 4:29).

Abu Hurairah narrated: "The Messenger of Allah (SAW) prohibited sales of 'whatever a pebble thrown by the seller hits,' and sales in which there is chance or risk (Gharar) (Hadith No.3614, Book 10, Sahih Muslim).

iii. *Maysir* (gambling) – Wishing something valuable with ease and without paying an equivalent compensation for it or without working for it, or without undertaking any liability against it by way of a game of chance (Ayub, 2009). There is a Quranic verse on *maysir* which is:

"They ask you about intoxicants and games of chance. Say: In both of them there is a great sin and means of profit for men, and their sin is greater than their profit. And they ask you as to what they should spend. Say: What you can spare. Thus does Allah make clear to you the communications, that you may ponder" (Al-Baqarah 2:219).

Thirdly, besides Islamic social objectives and Islamic economic objectives, ISE is also believed to be embedded with several other Islamic principles and values especially on interaction between people such as *'adala* (social justice), *ihsan* (benevolence), *amanah* (trust), *ikhlas* (sincerity), *rahmah* (compassion) and Islamic accountability (Kamaruddin & Auzair, 2018; Muhamed et al., 2016; Ali, 2010). These Islamic principles and values are believed and expected to be practiced within the ISE. The detail of these Islamic principles is as follows:

i. *'Adala* – a principle of cooperation with justice, righteousness and also not exploiting others and being exploited by them. *'Adala* is encouraged based on the following Quranic verse:

"Surely Allah enjoins the doing of justice and the doing of good (to others) and the giving to the kindred, and He forbids indecency and evil and rebellion; He admonishes you that you may be mindful" (An-Nahl' 16:90).

ii. *Ihsan* – a principle of a good behavior or acts to others benefits although without any obligation at the same time. *Ihsan* is strengthened based on the following Quranic verse:

"And spend in the way of Allah and cast not yourselves to perdition with your own hands, and do good (to others); surely Allah loves the doers of good" (Al-Baqarah 2:195).

iii. *Amanah* – a form of trust given by Allah to every human and human need to be responsible and accountable with it. *Amanah* is inspired based on the following Quranic verse:

"Surely Allah commands you to make over trusts to their owners and that when you judge between people you judge with justice; surely Allah admonishes you with what is excellent; surely Allah is Seeing, Hearing" (An-Nisa' 4:58).

iv. *Ikhlas* – a principle where every act are done ultimately just for Allah without any expectation of compensations or rewards. *Ikhlas* is praised based on the following Quranic verse:

“And they were not enjoined anything except that they should serve Allah, being sincere to Him in obedience, upright, and keep up prayer and pay the poor-rate, and that is the right religion” (Al-Bayyinah 98:5).

v. *Rahmah* – a principle that reflects humanity values and concern to others. *Rahmah* is inspired based on the following Quranic verse:

“And We have not sent you but as a mercy to the worlds” (Al-Anbiya’ 21:107).

vi. Islamic accountability – is derived from the bond of relationships of both Islamic organization and owner with dual accountability (Kamaruddin & Auzair, 2018). Dual accountability in Islamic accountability refers to *hablum minallah* (accountability to Allah) and *hablum minannas* (accountability among people). Islamic accountability is inspired based on the following Quranic verse:

“Abasement is made to cleave to them wherever they are found, except under a covenant with Allah and a covenant with men, and they have become deserving of wrath from Allah, and humiliation is made to cleave to them; this is because they disbelieved in the communications of Allah and slew the prophets unjustly; this is because they disobeyed and exceeded the limits” (Ali Imran 3:112).

In order to ensure all these three aspects are being practices by ISE, board and management’s roles are important. This is because board and management become as the one who are responsible for all decision made by an organization must bear accountability for any decisions and activities done by the organization including ISE. In this case, the practice of *syura* (mutual consultation) among board and management is believed to reduce the gaps between personal and organizational goals (both social and economic), which means it also can reduce wrong decisions made by the board and management (Mohamed Adnan, 2006). Through *syura*, all members of the board and management are achieving consensus after considering all possible matters within their combined knowledge and expertise. Islam also encouraging *syura* based on the following Quranic verses:

“So by mercy from Allah, [O Muhammad], you were lenient with them. And if you had been rude [in speech] and harsh in heart, they would have disbanded from about you. So pardon them and ask forgiveness for them and consult them in the matter. And when you have decided, then rely upon Allah. Indeed, Allah loves those who rely [upon Him]” (At-Taubah 9:60).

“And those who have responded to their lord and established prayer and whose affair is [determined by] consultation among themselves, and from what We have provided them, they spend” (Ash-Shuraa 42:38).

By adopting *syura* practices among ISE board and management, it will ensure that all three aspects of ISE concept from Islamic perspective are integrated within ISE daily operation. Moreover, *syura* practice is also believed to solve several ISE issues and challenges such as managing interdependencies between board and management, managing external stakeholders interest, balancing between social and economic

objectives and also answering accountability itself (Ebrahim et al., 2014; Spear et al., 2009).

Conclusion

Based on discussion made in conceptualizing ISE, it can be concluded that ISE is an Islamic organization which combine both social and economic objectives embedded with Islamic principles and values. In addition, extended from traditional Islamic non-profit organization, ISE is not only involved with Islamic charity funds by receiving such fund, but it also able to used it for economic activities (income generation) and re-investing its profit for social objectives according to *shariah*.

By identifying ISE concept, it is believed that ISE has high potential to solve inequality among the Muslim society. Alam (2010) study believed that Islamic non-profit organization including ISE is not just only supports religion works, it also can provides other contributions such as education projects and community empowerment especially by implementing Islamic venture philanthropy model which consists of collaboration among various Islamic philanthropic institutions and Islamic philanthropists from the Muslim world. ISE contributes to society in several forms. On top of giving opportunities to donor to give donations and offering affordable goods and services to the niche group of society members, it also serves the local community by creating jobs opportunity. The employees of ISE can be those who are working as permanent staff with regular salary or volunteers with lower rate of salary.

Besides, contribution made by Islamic non-profit organizations include ISE impacts the public at large. This is because social contributions in Islam are seen as a good deed for Muslim to perform in order to increase a standard of living and to become more devout person. In addition, Muslim are also believes that every charity made to public or society are inspired and will be rewarded. For instance, Jon et al. (2005) estimated that the Muslims' contribution in terms of social funds is within USD250 billion to USD1 trillion per year. This estimate takes into account approximations of per capita giving in some countries, per capita incomes in Muslim majority countries, religious, injunctions to donate at least 10 per cent of one's income to charity and other factors. Meanwhile, Obaidullah and Shirazi (2015) stated that there is excess of about USD600 billion of *zakat* from the Organization of Islamic Cooperation (OIC) member state countries, which may be annually distributable for humanitarian action.

In addition, collection of Islamic charity funds by ISE can be used to re-invest for future benefits. Re-investing act can be done in various business activities such as trading and rendering services. These business activities are in line with ISE social business activities. By re-investing Islamic charity funds in good practices, it has helped ISE to offer social benefits toward society especially for the unfortunate Muslims and non-Muslims.

The study reviews previous studies related to SE concept, and later proposing ISE concept based on both social and economic objectives derived from SE concept. Besides, ISE is also being conceptualized based on Islamic perspectives, pertaining to both specific

joining objectives in SE. In addition, several other Islamic principles and values that expected to be practised by ISE has also been discussed. These three aspects are: (i) Islamic social objectives; (ii) Islamic economic objectives; and (iii) Islamic principles and values. Last but not least, this conceptualize ISE is based on *maqasid syariah* as its foundation. Based on this discussion, future studies should be done to look at on the operational aspects of ISE and to explore its potential.

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