Research Article

The Conceptual Model of Religious-based Entrepreneurship in Malaysia: A Value-chain Approach

Sukmamurni Abdul Manaf, Nor Laila Md. Noor and Haryani Haron

Faculty of Computer and Mathematical Sciences, Universiti Teknologi MARA, Shah Alam, Malaysia

Correspondence should be addressed to: Sukmamurni Abdul Manaf; sukma.manaf@gmail.com

Received date: 4 March 2015; Accepted date: 29 June 2015; Published date: 28 December 2015

Abstract

At present, the society experiences an emerging wide range of religious functions carried out via the new media such as worshiping, advocating, commodifying, seeking and learning. Religious outreach is now executed conventionally and through the online network of communities. Information technology (IT) and media have become the revolutionary agents of change for religious growth and outreach, which presents a new opportunity of social entrepreneurship via religious activity. Not much research has been done to ascertain the adoption of technology in religious outreach and the state of religious outreach as an enterprise in the current context. This research aims to highlight how IT and the social media are used in the religious enterprises using the Islamic religious activity of da’wah and the da’wah enterprise as a case. Four da’wah enterprises in Malaysia were selected for the study. Interviews with the enterprise owners were conducted and a content analysis of each da’wah enterprise website was performed. A value chain analysis was conducted and a conceptual model of da’wah enterprise value chain was proposed. In addition, the findings obtained also revealed that the da’wah enterprises in Malaysia can be categorized into two: the social enterprise and the business enterprise in which the value chain activities are focused on the creation and dissemination of religious values and content. The finding of this research provides some insights on the da’wah enterprise and how their IT and the social media adoption have improved their business operations.

Keywords: value chain analysis, IT adoption, social enterprise, religious-based activity

Introduction

Technology offers new resources that impact religious activities as in worshiping and religious outreach. For instance, in activities related to worship the new technology gave Muslims the easy access to the digital call to prayer, by downloading prayer schedules. Technology also gave Hindus, Christians, Muslims and Buddhists online search capabilities to look up for scriptures and verses of their holy book and thus enabling them the means to enrich their religious knowledge. Religious groups also gain the opportunity to communicate online through technology advancement and the new media. The new communication technologies have altered the boundaries of local and remote participation in religious outreach such as

preaching and missionary call through streaming activities and feedback tools as offered by social media tools such as Facebook, Instagram and Twitter. All of these advancements have revolutionized religious outreach through the technology adoption of computer mediated communication (Kong, 2001; Hackett, 2006) where a multi-functions framework of communicating, proselytizing, informing, learning, experiencing, practicing, seeking, commodifying, advocating, healing and problem-solving for religion is practised (Hackett, 2006). Since the society continuously seeks to communicate about religion and seeks information, the outreach has evolved – from institutional duty to societal responsibility, from traditional to modern method. Now, we are witnessing the birth of businesses that serve to provide knowledge and solutions for societal issues. Hence, an innovative business model for the religious entrepreneurship has emerged. To gain a better understanding of religious entrepreneurship, this research focused its scope on the religion of Islam where religious outreach is known as da'wah. This study was conducted to describe the state of religious-based entrepreneurship through a value chain analysis to gain an understanding of the activities and processes of the religious enterprise. The unit of analysis for this research consists of da’wah enterprises in Malaysia.

This paper is segmented into five sections. The first section briefly introduces the background of research. The reviewed previous studies which have contributed to the area of this research are discussed in the second section. The third section highlights the research methods used in this study, the data collection techniques that were employed and the method of analysis. In the fourth section, the findings and the proposed model of da’wah enterprise system are presented and discussed. Finally, the future works and recommendation for this study are explained in section five.

**Literature Review**

We present our review on various concepts related to the research by looking at social entrepreneurship. Veblen (1978) described the modern economic situation which primarily involves “a theory of business traffic, with its motives, aims, methods, and effects”. Aside from business enterprise, a new classification of enterprise was developed based on the nature of its existence, namely social enterprise. ‘Social’ refers to social needs or problems, social values, social impacts or social motivations or intentions, or a kind of value that is distinct from economic or financial value (Phillis et al., 2008). In other words, social enterprises emerge as a new approach to business as they attempt to accomplish social goals through sustainable profits; they manipulate the power of marketplace to solve social and environmental issues; they trade in social outcomes and aim for social impact (Massetti, 2012; Eggers & Macmillan, 2013). After investigating the conceptual evolution of the social enterprise, Galera and Borzaga (2009) established its three key features:

- The social goal is pursued rather than profit.
- The non-profit distribution constraint, non-exploitation of market power, non-profit maximization to attract stakeholders (investors, staff, customers) whose goals are consistent with social aim.
- The assignment of ownership rights, the control power of stakeholder other than investors, and open and participatory governance model.

Related to social entrepreneurship, a new concept of an enterprise has emerged and is known as the community-based enterprise (CBE). This new concept of enterprise represents a “community acting corporately as both the entrepreneur and the enterprise in pursuit of a common good” (Peredo & Chrisman, 2006). Hunter (2013) explained the community-based entrepreneur as one who “runs the business to make profit, an economic agent who organizes and operates a business taking on financial risk to do so”. Swash (2007) described the characteristic of CBE as having high level of specific knowledge, language skills and having high level of trust. CBE is the result of a process where...
the community acts entrepreneurially to create and operate a new enterprise. In order to achieve sustainable local economy, the community acts collectively at management and business level to pursue economic and social goals (Peredo & Chrisman, 2006). Though CBE has been implemented in a wide range of circumstances in the world such as social entrepreneurship, economic development, empowerment zones, grass roots enterprises and collective entrepreneurship (Welch and Kuhas, 2002), its state of implementation needs to be uncovered. For instance, CBE implementation in religious-based activities or entrepreneurship remains to be explored.

Research on technology adoption in religious activities has reported findings on how communication technologies have significantly transformed social interactions for religious purpose (Kiesler et al., 1984; Jones, 1994; Hjarvard, 2008). The role of technology in religious practice is on the rise where it reflects on the use of computers and particularly the internet for religious purposes (Wyche et al., 2006, Hackett, 2006, Hjarvard, 2008). Individuals now use various types of communication and collaboration tools in conjunction with, or as a replacement for, face-to-face communication. Simultaneously, religious institutions such as the church have also adopted technology into spiritual practice more than just adopting software to run the church book keeping (Wyche, et al 2006). Ministers podcast sermons to distant listeners, share the words to hymns using computer-based presentation tools instead of traditional hymnal books, and send requests to pray via email. Yet, despite this uptake of technology in service of worship, little is known about how these systems support collaboration between ministers and their laity. Hackett (2006) wrote that non-conventional, persecuted groups, such as Wiccans and neo-Pagans in the United States, were among the early groups to avail themselves of the internet while Ess et.al (2007) discovered that the phenomenon of ‘religious migration online’ has become very common that not having internet representation is considered very rare. Eventually, these activities contribute and influence the economics of the society, thus the concept of spiritually inspired economy or business spirituality is formed and the religious organizations that carried out the religious outreach activities as an enterprise begin to emerge. The religious-based entrepreneurs can be traced according to the different types of e-commerce transactions as explained below (Nemat, 2011).

- **Business to Business (B2B)** – transactions between firms e.g. manufacturer to wholesaler.
- **Business to Consumer (B2C)** – direct transaction between business and consumers e.g. when business serving the customer with products or services.
- **Consumer to Consumer (C2C)** – the traditional form of selling goods from consumer to consumer, also known as citizen to citizen e.g. electronically facilitated transactions between consumers.
- **Consumer to Business (C2B)** – large audience to the network through internet or when individuals offer products or services to companies.

The adoption of technology in Islamic religious outreach or da’wah activities has also increased. A da’wah organisation has begun to recruit storytellers and professional actors, to present the divine message through the audio-visual medium (Mohd. Shuhaimi & Sohirin, 2012) and later extended to the use of IT and the new media (Adam, Anuar & Ali, 2014). For instance in Malaysia, online religious activity such as e-da’wah, e-jihad, e-sermon and others can be found in Islamic mobile applications, official religious government agency websites, related social media pages, relevant organizations’ websites such as iluvislam.com, www.ikram.org.my, and personal website i.e. www.drmaza.com. Eventually, these activities contribute and influence the economics of the society, thus the concept of spiritually inspired economy or business spirituality is formed. This research narrows the scope to the religion of Islam, and pursues the topic according to
business perspective as religious-based entrepreneurship.

**Research Methods**

The research of investigating and addressing the social phenomena and their dynamics was performed via qualitative research methods; qualitative research that is a craftwork that has limits and strengths and models may not be absolutely universal; it is about exploring issues, understanding phenomena and answering questions (Yin, 1984). The study adopts the interpretivism paradigm where the researcher believes that human knowledge and experience is constructed from reality. The research applies the concept of theoretical lens where the framework of value chain analysis is referred to when conducting the study (Noordin et al, 2009). The research also adopts the views of enterprise model and business model to evaluate and analyse the findings comprehensively.

Data collection is done via one-to-one in-depth interview with the key informant of the enterprise; the data gathered consist of interviewer notes and audio recordings. These qualitative data are obtained from participant’ responses to the semi-structured interviews conducted. The researcher considered all perspectives from the theoretical lens before producing the conceptual model prior to concluding the research. Meanwhile, content analysis is used to systematizing and disclosing the qualitative analysis to yield meaningful and useful result (Mayring, 2000). The chosen sampling strategy synonym with qualitative analysis is purposive sampling of four respondents selected based upon the research criterion. In our sampling, we included the organizations that clearly indicate da’wah as their cause or goal as our respondents. These respondents consist of a single operator, a community/association or a business entity that have established a strong internet presence with their own online content as well as utilizing the use of digital technology in their daily activities. But most importantly, they are enterprising via Islamic products or services. The Table 1 below shows the list of the da’wah enterprise respondents.

<table>
<thead>
<tr>
<th>Da’wah Enterprise</th>
<th>W</th>
<th>X</th>
<th>Y</th>
<th>Z</th>
</tr>
</thead>
<tbody>
<tr>
<td>W</td>
<td>Speaker, Author, Online Content</td>
<td>Event, Publishing</td>
<td>Event, Online Content</td>
<td>Talks, Event, Leasing</td>
</tr>
<tr>
<td>X</td>
<td>Business organization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Y</td>
<td>Business organization</td>
<td>Community organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Z</td>
<td>Founder/Owner</td>
<td>Managing Director</td>
<td>Founder/Owner</td>
<td>Head of Administrator</td>
</tr>
</tbody>
</table>

A set of semi-structured interview questions were distributed as the method for data generation where the purpose is usually to gain information from the others (Oates, 2006). The questions were categorised according to dimensions; they were generated based on the theoretical lenses of value chain analysis (Porter 2001), enterprise model (Gruninger & Fox, 1998) and business model (Zott et al., 2011). We had enquired regarding the primary and secondary activity, process and cost of the value chain analysis model. From the enterprise model, we adopted the vision, mission, and organizational structure and stakeholder dimensions; the business model, customer segment, value proposition, channels and revenue stream were adopted from the business model theory. We then reviewed the respondents’ websites against these dimensions; this is meant to further support the results of research using triangulation method. The objects of qualitative content analysis were the transcriptions of interviews and website analysis which the researcher refers to to produce the categories and main ideas.
Deductive category application approach was used to enable the researcher to tally the presence of the main ideas to fit in the theoretical lenses.

**Analysis, Findings & Discussions**

From interview and document review, the research observes Porter’s end-to-end value chains on the da’wah enterprise following the methods employed by Noordin et al (2009). The analysis also investigates each part of the chain to identify and suggest improvement if possible. The use of value chain analysis is useful for strategic management and planning in any organization, especially in businesses. By identifying the relationship between activities within the organization and by identifying the potential strategic channel partners and delivery partners, the full cycle of business can be mapped from product or service inception to delivery. The value chain analysis is also useful when for cost management and process optimization within the organization. We adapted the process activity mapping technique from Hines and Rich (1997) where activities are decomposed and described thoroughly as in Figure 1 below.

![Figure 1: The religious-based entrepreneurship value chain process activity mapping](source: adapted from Manaf et al, 2015)

The analysis is further described as follows.

**Primary activity**

The da’wah enterprises studied in this research develop and deliver religious outreach content by cultivating strong social affiliation with customers by conveying religious messages, through experience sharing and interactive marketing especially via the social media. Through the creation of the religious content, the da’wah enterprises took the opportunity to deliver not only the content but instil stronger religious values and beliefs. In the case of the community-based enterprise studied, which happened to be a leading mosque; its main activities involve planning, coordinating and conducting religious programs (sermons and classes) and community programs (workshops for the disabled and special children) for the locals. These programs are becoming the channel to reach out to community; they build and strengthen the relationship between the mosque administration and the local community. These programs are either free or charged a minimal and affordable fee. The mosque collected the fees as part of funding to sustain its daily operations. As for the training...
provider and web portal company, their primary activity involves planning and preparation for content development. Meanwhile the publishing house carries out its daily operations as a publisher, content provider and training provider (service) which involved editing and graphics works, sales, marketing and distribution.

**Secondary activity**

The technology infrastructure, human resource activities, and managing supplies and equipment are mentioned as secondary activity for all respondents except for the single cell operator that cited managing support and infrastructure as his secondary activity as well. It is clear that the religious-based entrepreneurship adopts IT as enabler and as support tool.

**Process**

The activities can further be detailed into processes. The aim of value chain analysis is to gain cost advantage, for example by restructuring the production process, using a different marketing approach or streamlining distribution process. For the trainer and web portal company, their processes are more focused towards online content development. The printing house has a set of almost similar processes of producing printed materials, including printing and outbound logistics process. As for the mosque, the process primarily involved administration of the premise and resources, and managing programs and events.

**Cost**

An enterprise may create a cost advantage either by reducing the cost of value chain activities or amend the value chain. Cost of operations is not an open subject for all to know; thus the researcher managed to get a general answer for this question. Almost all respondents admit that the operation expenditure is the most expensive; this includes salary, rental, instalment, utility bills etc. However, the most expensive cost goes to the production of content.

**Characteristics**

From the analysis and interpretation of interviews, religious-based entrepreneurship in Malaysia may exist in forms of association, cooperative, sole proprietorship (enterprise), private limited company, for-profit organizations as well as non-profit organizations (NPO). The common term of NPO actually refers to 'private non-profit enterprise' which is a rarely used term in Malaysia. NPO institutions are most usual in education, research, religion, health care and art sectors. As we know, NPO is not allowed to distribute its net earnings to individuals who exercise control over it, such as members, directors or trustees.

From the value chain analysis of the da’wah enterprise, the end value is not about profit margin but strategic goal to sustain the operation in order to achieve the goal of religious outreach. The analysis we made revealed that religious-based entrepreneurship conveys religious values instead of the norm of product values. This finding is aligned to the first two key features of social enterprise as described by Galera and Borzaga (2009). The resulting value chain analysis of the da’wah enterprise is shown in Figure 2.
As illustrated in Figure 2, the description of the Primary Activity of the value chain that we propose:

- **Content creation** – the development and creation of the content. The idea of content will most probably be sourced from books or scriptures. This includes raw content of text, audio, video and graphics.

- **Content Compilation** – the compilation to a finished product. The current process uses applications such as Content Management System (CMS), Publishing tool, Audio/Video Auditing tool etc.

- **Sales and Marketing** – identify the suitable marketing and promotion channel as well as channel partners. Websites and social media become useful marketing tools in this activity such as Facebook, Twitter, Instagram etc.

- **Sale of physical products** generates income while other earnings come from advertisement, sponsorship or ambassadorship as a result of branding. Some might not even be concerned of the income as long as they deliver and create a social impact.

- **Delivery** – this consists of customer-facing business process; online content can be delivered via digital technology while physical content such as magazines, books, VCD, DVD will be sold through channel partners. However, a speaker, trainer or orator will deliver the content himself in seminars, forums, workshops etc.

- **Support and Service** – this activity is to ensure the products and services are maintained and the means to service customers, for example, managing server hosting, support helpline etc. It also supports interactivity with followers through social media and email.

From the results of the analysis, generic support activities for business occur for da’wah enterprise. The support activities are explained below:

- **Organizational infrastructure**: activities of managing internal information within the firm, e.g. planning, accounting, finance, auditing and quality control.

- **Human resource management**: recruitment of staff, performance review and appraisal activities.

- **Technology development**: research and development activity, production via machine automation.

- **Procurement**: activities of obtaining supplies and raw materials from supplier/vendor.

The initial goal of value chain analysis is to gain competitive advantage and achieve differentiation to lesser the cost of activities, thus producing greater profit margin. However, the situation is not similar for da’wah enterprise as the aim is not to make profit but to have social impact on society as stated by Galera and Borzaga (2009). Through the value chain analysis model, the enterprise can learn how to optimize the process, manage timeliness of operations and manage cost for each activity.

In the analysis, we also observed that the process of business model construction is substantial in business strategy. The ‘what is the business model’ question is obviously vital. In value chain analysis, the business model reveals an organization’s primary activity and the processes within it. Table 2 below interprets the business model from our respondents. There is a correlation between the religious-based entrepreneurship with online content and event/training services as business model.
Table 2: The Business Model of religious-based entrepreneurship (source: adapted from Manaf et al, 2015)

<table>
<thead>
<tr>
<th>Da’wah Enterprise</th>
<th>Key Informant</th>
<th>Type of Enterprise</th>
<th>Business Model</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Online Content</td>
</tr>
<tr>
<td>W</td>
<td>Business owner</td>
<td>Single operator/Single cell social enterprise</td>
<td>✓</td>
</tr>
<tr>
<td>X</td>
<td>Business owner</td>
<td>Business Enterprise 1</td>
<td>✓</td>
</tr>
<tr>
<td>Y</td>
<td>Business owner</td>
<td>Business Enterprise 2</td>
<td>✓</td>
</tr>
<tr>
<td>Z</td>
<td>Head of Mosque Administrator</td>
<td>Community-based Social Enterprise</td>
<td>✓</td>
</tr>
</tbody>
</table>

Technology adoption is a must for these respondents to reach out to the masses, to carry out the da’wah missions and at the same time to plan an effective marketing strategy. IT adoption acts an innovation move for these enterprises to utilize it as a production tool, a content management tool and a marketing tool. The outreach to the general public may have a lesser impact without adopting IT as a tool. From further observation, these religious-based enterprises are having multi-facet commercial transactions; all respondents except the single cell social enterprise are involved in business-to-consumer (B2C) and business-to-business (B2B) relationship. As a single cell social enterprise, W offers his service as a speaker or motivator to organizations who are prepared to engage him; this is the opposite of B2C. B2B model applies to all da’wah enterprises where transactions take place between businesses. Meanwhile, the B2C transaction that occurs in Z mostly springs from the fund collection on Friday sermons and talks rather than buying-selling.

Based on the lens of enterprise model (Gruninger & Fox, 1998), the research summarises the coding obtained based on the vision, mission, structure of organization and stakeholder. These elements portray a firm’s strategic management practice and picture the firm’s overall purpose and commitment to stakeholders. Also, these elements might be culturally, religiously, institutionally and/or historically influenced. For social enterprises, we expect to observe the commitment to social missions; similarly for a da’wah enterprise, we witness the da’wah or religious mission as the core or embedded in the business structure. Such observable fact that aims at social impact is definitely able to attract followers, customers and also investors. Most business corporations’ clear mission statements are solely meant to serve their shareholders by protecting their investment and generating profit while the da’wah enterprises cited the society as priority and declared it as the key stakeholder as highlighted by Galera and Borzaga (2009) earlier. The analysis based on the business model seeks to refine the information and seek similarities among respondents. Being a single cell enterprise owner, W operates individually – relying on personal skill and talent not to grow the enterprise but to sustain and to convey the message of Islam. Similarly, Z declared the same notion – to sustain its existence as the centre of Islamic affairs for the parish. Through their business model, X and Y aim at providing Islamic goods and services for the community. We can clearly see that these enterprises are driven by the Islamic values or, in another word, they are value-driven enterprises as noted by Spear (2010).

The research discovers two types of religious-based entrepreneurship – the social enterprise and the business enterprise. The goal of a religious based social enterprise is to sustain itself to perform the da’wah duty for the masses. Its earned profit is solely used for sustainability and future operational
expenditure. The earnings come from donations and business transactions. On the other hand, the religious-based business enterprise operates with the aim to utilize the profit to develop the well-being and the economics of the Muslim society. Both religious-based enterprises conduct the business of delivering, conveying the message of Islam via events and digital content. The religious based business enterprise focuses on the Islamic merchandising of products such as books, clothing and artworks. The first characteristic affirms that a religious-based social enterprise organization may be run by a single operator or a community-based organization; they share the same goal which is to transform the society for religious purpose. A religious-based business enterprise seeks greater profit for growth and expansion; at the same time intending to contribute profit to develop the society. Figure 3 below illustrates the first characteristic.

Next, the structure of organization may follow the structure of any ordinary business enterprise – it can either be a single cell or a proper structure with management ranking. The mission and vision statement of the religious-based entrepreneurship implies direct message of Islam; inclining towards the making of a better Muslim individual or developing a greater Muslim society. The business enterprise respondents aim to be an exemplary entity and to be a leader among the other players in the da’wah arena. Following the teaching of Islam, one must always strive to be the best and ethical at any time. The mosque, on the other hand, is more focused on providing a fulfilling Islamic community service for its local parish in its mission and vision statement. The mosque requires the fund collection as a source of income to sustain as a model Islamic institution – by organizing relevant programs, events and fund raising. For the business enterprise, the profit is channelled for the growth and stability of targeted Muslim community. Therefore, the fourth characteristic justifies that its business model is inclined towards sustainability to achieve social goals rather than for profit-making.

**Conclusions and future work**

In our work, we observed that the da’wah or religious mission is the core of business activity or embedded in the business operations of a religious based enterprise. This mission will guide the creation of a social impact that will most probably be able to attract followers, customers and also investors. Religious-based entrepreneurship offers a business opportunity for economic improvement while motivating and guiding the society to improve their religious beliefs and practices which may perhaps lead to the generation of a better society. Next, the religious-based social enterprise quoted the society as the priority and the key stakeholder as highlighted by Galera and Borzaga (2009) compared to most business corporations’ mission statements to only serve their shareholders. The future direction and planning of the organization is highly influenced by the society and the social aims. Our findings also showed that the religious-based entrepreneurship in Malaysia adopts the Islamic business culture which emphasizes the balance between commercialism and humanitarianism, between profit and societal needs.
Furthermore, religion greatly encourages business as an activity for these reasons: it directly contributes to improving the standard of living, and it is the most important activity that is able to create wealth for an individual, community, society or country.

For future work on the da'wah enterprise, we recommend further investigation on the success of the outreach across the different types of operators and their sustainability. The study should be extended to include more such enterprises to uncover a more comprehensive view of da'wah enterprise as a social enterprise.

Acknowledgment

The authors wish to acknowledge all the four da'wah organizations that willingly participated in and contributed to this research. The authors also wish to convey the deepest gratitude to the Faculty of Computer and Mathematical Sciences, Universiti Teknologi MARA, Shah Alam for supporting this research.

References


