MODEL DESIGN OF SOCIOPRENEURSHIP: HALAL BASED-DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES THROUGH ZAKAT INSTITUTIONS

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ABSTRACT

Purpose — This study aims to examine the extent to which halal branding and digital media utilisation affect consumer behaviour. It also intends to provide an overview of the sociopreneurship model—a model that targets both financial and social benefits, while also working to solve problems in the community—to empower micro, small and medium enterprises (MSMEs) through the use of halal branding and digital media managed by zakat institutions.

Design/Methodology/Approach — In the first stage, this study employs a quantitative approach to analyse the factors of digital use and halal branding in influencing consumer behaviour. In this respect, multiple linear regression was used to analyse 172 research respondents. In the second stage, it uses a qualitative approach in designing a sociopreneurship model based on the results of the first stage.

Findings — This study found that religiosity and halal branding have a positive and significant effect on Muslim interest in buying halal products. In addition, the factors of price, religiosity and halal branding also positively and significantly affect satisfaction in consuming halal products. The sociopreneurship model can be applied to zakat institutions to facilitate MSMEs in developing product quality through halal branding and digital utilisation.

Originality/Value — The unique characteristic of this study lies in the use of both the quantitative and qualitative approaches in carrying out this research. It is hoped that the model offered in this study will be able to develop the MSME sector to keep abreast of modern trends despite the limited capital available to such institutions.

Research Limitations/Implications — The sample used in this study was restricted to Indonesia, with a limited number of respondents. Moreover, data collection was conducted through questionnaires without in-depth interviews with consumers, MSMEs and zakat institutions.
Practical Implications — The zakat institution’s scheme or model of sociopreneurship will be beneficial for the modern development of MSMEs even though they possess limited capital. Zakat institutions provide three types of assistance: 1) direct monitoring that starts from production inputs to the production process and which continues to the distribution process to ensure that the products developed by the fostered MSMEs are truly halal; 2) assistance at the digital marketing stage; and 3) assistance in accessing loan funds under qard hasan (benevolent loans) schemes.

Social Implications — This research has a social impact on the development of MSMEs through the implementation of the concept of sociopreneurship. In this case, MSME actors who are classified as donation recipients can turn into donors, which would assist in reducing poverty levels. Therefore, social and business benefits will be achieved through the modern development of MSMEs.

Keywords — Digital era, Halal branding, MSMEs, Sociopreneurship, Zakat institution

Article Classification — Research paper
INTRODUCTION

Micro, small and medium enterprises (MSMEs) play an important role in the economy of Indonesia, contributing about 60 per cent to the gross domestic product (GDP) in 2018 (Trimulato & Darussalam, 2020). According to Trimulato & Darussalam (2020), MSMEs account for 99.9 per cent of the total business units as at 2018. Ninety-seven per cent of employment is created by these types of businesses, with the lion’s share of 89 per cent in the micro sector. This means that MSMEs represent an important force in job creation, contributing towards the strengthening of family incomes and alleviating poverty.

However, during the COVID-19 pandemic, MSMEs experienced a significant setback (LPEM FEB UI & UNDP, 2020). The International Labour Organization (ILO, 2020) researched the impact that the COVID-19 pandemic had on MSMEs in Indonesia, and the results showed that 70 per cent of MSMEs had to cease production and that around 63 per cent had to lay off their employees (Ghosh, 2020). According to Syaifullah et al. (2021), 90 per cent of MSMEs also faced cash flow problems during the COVID-19 period. The largest decrease (27 per cent) was seen in the tourism sector, which includes the food and beverage micro businesses.

The difficult conditions faced by MSMEs during the pandemic partly arose because most of these businesses do not have direct access to the domestic financial sector to raise capital to mitigate their cash flow problems. The sale of culinary products relied on face-to-face meetings between the seller and the buyer while non-culinary products relied on foreign tourists as their key market. It was important during that time for MSMEs to master information technology to reach their customers, raise capital to mitigate their cash flow problems and use modern marketing strategies to adapt to their consumer needs.

As the biggest Muslim country, Indonesia has great potential as a market for the halal industry (DinarStandard, 2021). The halal industry includes the food, cosmetics, pharmaceutical and health sectors, as well as the services sector such as marketing, logistics, print and electronic media, branding and packaging. In all these areas, Muslim consumers’ demand for halal products is constantly increasing. Therefore, understanding Muslim consumer behaviour in consuming halal products is important to understand the halal market (Sudarsono & Nugrohowati, 2020). Ayuniyyah et al. (2017) also explain that one of the important factors that can influence the development and potential of the halal industry is the response or behaviour of consumers of halal products.

This study looks into MSMEs and halal businesses and examines the extent to which halal branding and digital media utilisation can influence the satisfaction, buying interest, and behaviour of Muslim consumers in consuming halal products. This study argues that the use of a sociopreneurship-based MSME development model through halal branding and digital media utilisation will create more opportunities for MSME actors in developing their businesses. Moreover, MSMEs can leverage on zakat institutions to benefit from financial assistance to develop their businesses.

This paper is accordingly organised as follows: the literature review section that discusses basic concepts relating to MSMEs, sociopreneurship, religiosity, halal branding, intention, halal awareness, digital media and zakat; the methodology section that includes research models, approaches, samples and measurements; the research results section that provides multiple linear
regression results and the sociopreneurship model proposed; and the discussion and conclusion sections.

**LITERATURE REVIEW**

**MSME Development**

MSMEs have a positive impact on the community (Adrian, 2018). The benefits that are felt directly are distribution of income, creativity that is in harmony in maintaining tradition and culture, absorption of labour, and decreasing unemployment (Tambunan, 2018). According to Juwita et al. (2020), the development of MSMEs must continue to be promoted as an instrument to increase people’s purchasing power to drive the national economy so that it becomes a safety valve during monetary crises such as the COVID-19 pandemic (Akpan et al., 2020). MSMEs increase productivity and competitiveness and hence add to the resilience of the economy. As MSMEs develop strategies to fulfil the needs of the domestic and global halal markets, they will also create technology-based entrepreneurship and uphold the local norms and wisdom (Hidayati & Rachman, 2021).

**Sociopreneurship**

Sociopreneurship is commonly defined as a business that employs social principles in its operations. Sociopreneurship aims to make individuals and society prosper through sustainable benefits such as alleviating marginalisation, poverty and environmental damage (Dufays & Huybrechts, 2014). Sociopreneurship is a solution to social and environmental problems when combined with resource utilisation and innovation (Dangmei, 2016). The main characteristics of sociopreneurship are system change, market orientation and innovation (Widiastuti et al., 2019). The business principle is ‘benefit for society’ (Huybrechts & Nicholls, 2012). In this case, social engagement is needed between sociopreneurs and the assisted community, which is built through interaction and the building of trust with the assisted partner community (Abu-saifan, 2012).

**Religiosity**

The religious identity of Muslim individuals is reflected in attitudes and behaviour that are based on religious values (Souiden & Rani, 2015). Religious values guide a person in carrying out his daily activities, such as how to find, cook and eat food. Research conducted by Usman et al. (2017) and Bukhari et al. (2020) shows that religious values influence consumer purchase intentions and decision-making to buy or use a product. El-Bassiouny (2016) explained that religiosity influences Muslim consumers to be more selective in owning and using goods and services. Alam and Suyuti (2011) also found that religious values adopted by consumers affect their attitudes and behaviour.

**Halal Branding**

Unlike other consumers, when Muslim consumers are in a Muslim-minority country, they will check the food packaging label in detail to ensure that the food is halal. Muslim consumers also consider other aspects such as human health, animal welfare and environmental sustainability (Fasiha et al., 2019). As a result, detection of halal labels is a must for consumers before purchasing (Bonne et al., 2007). This means that the halal logo is one of the triggers for
consumer purchase intentions on the basis of the assurance of safety, health and cleanliness, reducing uncertainty about how a product has been processed (Bashir et al., 2018). It also makes it easier for Muslims to adhere to Islamic law principles related to the consumption of halal goods (Jamal & Sharifuddin, 2015). The halal logo further provides benefits to producers in terms of increasing production and sales, especially in non-Muslim countries (Wilson & Lui, 2011). Producers that apply the halal logo are considered to have a good reputation.

**Intention**

Intention to buy is defined as the tendency of consumers to purchase something. It is measured by the statements: do not buy, want to buy, will buy, will not buy, will make a repeat purchase, or will not buy again (Assael & Ramond, 2011). Intention also refers to the mental stage in the decision-making process where consumers already have an interest and willingness to act on a product or brand (Garg & Joshi, 2018). According to Shaari and Mohd Arifin (2010), purchase intention is measured using nine dimensions, namely—solidity, certainty, universality, brand association, purity, suitability, a state of being halal, place and distribution, and knowledge. These dimensions are generated through the Varimax Factor Analysis of the variables of marketing concept, awareness, halal certification, and religiosity.

**Halal Awareness**

Halal awareness is the extent to which Muslims understand issues about the conception of halal. This understanding includes what products are halal, production materials, a production process that strictly follows the standards of halal in Islam, how the product is packaged, the use of sanitation, and the distribution process (Shaari & Mohd Arifin, 2010; Sardiana, 2019). Halal awareness is the ability to distinguish between halal and non-halal products in the processing and distribution process in order to avoid contaminated products. Halal awareness is also determined by the positive attitude of individuals (Rezai et al., 2012). This shows that awareness has a significant influence on purchasing behaviour (Bashir et al., 2018).

**Digital Media**

The COVID-19 pandemic has indirectly led to new changes in the Indonesian business system. The shift from offline businesses to digital businesses is known as the digital entrepreneurship phenomenon. Social media and marketplace (intermediary) are presented as a concept to make it easier for MSME players to get wider marketing access (Nambisan, 2017). This is what then gave birth to a digital entrepreneurship model. The emerging technological paradigm forces collaboration to take place resulting in joint intelligence to design and make more powerful and sustainable entrepreneurial innovativeness. This means that the role of digital technology has a significant influence on the new business units created. However, MSMEs face several obstacles in this respect, namely relatively minimal production capacity of goods and, thus, failure to fulfil digital market demands, the unfulfilled quality of human resources, and weak digital education and literacy (Erlanitasari et al., 2019).
Zakat
The concept of zakat embeds human and social values within the spirit of Islam (Hasanah, 2014). In terms of the economy, it has a big impact on public welfare and social development (Suprayitno, 2020). Zakat institutions undertake the collection of funds and their distribution to the community. Zakat institutions that have social entrepreneurship values must be professional and innovative in the management of zakat funds. The MUI provision No. 15 of 2011 concerns the distribution of productive zakat funds in the form of investment in halal businesses. This is in accordance with applicable Sharīʿah regulations, and proper business development principles, fostered and supported by competent parties. It aims to gain profits to support social interests (Widiastuti et al., 2019). One of the uses of productive zakat is to integrate it with entrepreneurship, where zakat is used as a source of funds for entrepreneurship development (sociopreneurship) (Muhamat et al., 2013). Habibi (2016) reports that the empowerment of productive zakat has a positive and significant effect on the performance of MSMEs owned by zakat recipients. Wulansari and Setiawan (2014) find that business capital from zakat increases the business performance of MSMEs. Furthermore, Febianto and Ashany (2012) argue that assistance and empowerment of productive zakat funds are a solution for MSMEs who have limited access to bank financing due to a lack of business experience.

METHODOLOGY
Research Model
The research model adopted in this study is illustrated in Figure 1.

Research Approach
This study employs two distinct approaches, namely qualitative and quantitative. The quantitative approach was carried out by the researchers in order to facilitate decision-making to test the variables that have been used as predictors of consumer behaviour in consuming goods and services that are shaped by halal branding and digital application. The qualitative approach was used to design a sociopreneurship-based MSME development model utilising digital media and halal branding.

Sampling
The population of this study is Muslim consumers in provinces in Java Island who consume halal products. Respondents were selected using a systematic random sampling method. A questionnaire was distributed online using Google Forms to the predetermined population. The pilot study, conducted from 15 to 22 September 2020 obtained responses from 30 respondents. After re-evaluating the questionnaire to ensure the reliability and validity of study findings, questions that were invalid and unreliable were eliminated. The validated questionnaire was distributed through a number of WhatsApp groups, Instagram and Facebook from 1 to 18 October 2020 with a response rate of 207 respondents. The researchers eliminated 35 respondents after evaluating the integrity of the information provided. A total of 172 respondents were finalised for data analysis purposes (Sekaran, 2003; Sekaran & Bougie, 2016).

Table 1 shows that a majority of respondents were women, namely 51.7 per cent, while men represented 48.3 per cent. In terms of age, most of the respondents, 70.9 per cent, were
between the ages of 21 and 30. As for marital status, most of the respondents, around 62.2 per cent, were unmarried.

**Figure 1: Research Model**

**Independent Variables**

- Price factor (X₁)
- Religiosity factor (X₂)
- Halal branding factor (X₃)
- Digital media/technology utilisation factor (X₄)

**Dependent Variables**

- Interest in buying halal products (Y₁)
- Satisfaction of halal products consumption (Y₂)

Source: Authors’ own

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Description</th>
<th>Valid Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gender</td>
<td>Male</td>
<td>48.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female</td>
<td>51.7</td>
</tr>
<tr>
<td>2</td>
<td>Age</td>
<td>&lt; 20 years</td>
<td>5.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>21–30 years</td>
<td>70.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>31–40 years</td>
<td>13.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>41–50 years</td>
<td>8.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>51–60 years</td>
<td>0.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 60 years</td>
<td>1.2</td>
</tr>
<tr>
<td>3</td>
<td>Marital Status</td>
<td>Married</td>
<td>34.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unmarried</td>
<td>62.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Widower/Widow</td>
<td>2.9</td>
</tr>
<tr>
<td>4</td>
<td>Level of Education</td>
<td>SMA/Similar</td>
<td>12.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SMK/Similar</td>
<td>10.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>D1/D2/D3/D4</td>
<td>2.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>S1</td>
<td>54.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>S2/S3</td>
<td>20.3</td>
</tr>
<tr>
<td>5</td>
<td>Occupation</td>
<td>Learner/Student</td>
<td>34.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Government employee</td>
<td>9.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Private employee</td>
<td>32.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Entrepreneur</td>
<td>9.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Housewife</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Others</td>
<td>11.0</td>
</tr>
<tr>
<td>6</td>
<td>Income</td>
<td>&lt; Rp 2,000,000</td>
<td>40.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; Rp 2,000,000–Rp 3,000,000</td>
<td>16.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; Rp 3,000,000–Rp 4,000,000</td>
<td>14.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; Rp 4,000,000–Rp 5,000,000</td>
<td>10.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; Rp 5,000,000–Rp 6,000,000</td>
<td>5.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; Rp 6,000,000–Rp 7,000,000</td>
<td>4.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; Rp 7,000,000–Rp 8,000,000</td>
<td>1.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; Rp 9,000,000–Rp10,000,000</td>
<td>2.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; Rp 10,000,000</td>
<td>4.1</td>
</tr>
</tbody>
</table>

Source: Authors’ own
Measurement

This study used multiple linear regression equation modelling to analyse the transformed data. The reason for using multiple linear regression as a statistical tool for path modelling is that it is good to find out how much influence the independent variables (X) have on the dependent variable (Y) (Wooldridge, 2009). In this study, the independent and dependent variables were measured using a Likert scale through the use of compiled indicators. Likert scale is an instrument to measure perceptions, opinions and individual attitudes regarding social conditions.

The steps used in measuring the model in this study included conducting validity test, reliability test, classic assumption test, simultaneous test, partial test and R-Square test. The multiple linear regression equations in this study are as follows:

\[
IHP_c = \beta_0 + \beta_1 PF_c + \beta_2 RF_c + \beta_3 BF_c + \beta_4 DF_c \quad \text{Model (1)}
\]

\[
SHP_c = \beta_0 + \beta_1 PF_c + \beta_2 RF_c + \beta_3 BF_c + \beta_4 DF_c \quad \text{Model (2)}
\]

where \(IHP\) is an interest in buying halal products, \(SHP\) is the satisfaction of consumption of halal products, \(PF\) is price factor, \(RF\) is religiosity factor, \(BF\) is halal branding factor, and \(DF\) is a digital media/technology utilisation factor. \(\beta_0\) is a constant, \(\beta_1 - \beta_4\) is the regression coefficient and subscript \(c\) is the sampled consumers of this study.

RESULTS

Measurement of Consumer Halal Awareness

Descriptively, of the 172 respondents in this study, the vast majority (86.6 per cent) already understands or knows the halal logo. It can be a consideration for consumers in shopping. Moreover, it is important to ascertain whether the community is familiar with the concept of halal products (Bashir et al., 2018). This study found that 57 per cent of respondents are familiar with and always check the halal logo when they shop. Only 0.6 per cent of respondents admitted that they never checked the halal logo. Therefore, it can be seen that the respondents in this study are consumers who care and pay serious attention to the product with the halal logo. This illustrates that a product with the use of a halal logo is an important point of consideration by consumers (Suki & Suki, 2018). This is also in line with the research conducted by Hasan (2016), who found that consumer awareness and the existence of halal branding are determining factors in purchasing decisions.

Measurement of Digital Media Usage and Halal Branding on Purchase Intention and Consumer Satisfaction in Using Halal Products

This section describes the results of the analysis of the influence of digital use and halal branding on consumption satisfaction and interest in buying halal products.

According to Kothari (2004), the partial significance test can be employed to examine the importance of the effect that the independent variable has on the dependent variable. Decision-making is determined based on the significance value. If the significance value is less than 5 per
cent, it means that the result is significant. Conversely, if the significance value is more than 5 per cent, then it is not significant.

The results of SPSS data processing, as shown in Table 2, indicate that both the halal branding factor and the religiosity factor have a positive coefficient sign with a significance value of less than 5 per cent. Therefore, it can be concluded that the halal branding factor and the religiosity factor have a positive and significant effect on buying interest in halal products. However, the digital utilisation factor and the price factor produce a significance value of more than 5 per cent.

**Table 2: Results of Regression Analysis Model 1**

<table>
<thead>
<tr>
<th>Variable</th>
<th>R-Square</th>
<th>Unstandardised Coefficient</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>0.342</td>
<td>1.073</td>
<td>0.323</td>
<td>3.323</td>
</tr>
<tr>
<td>Price (PF)</td>
<td></td>
<td>0.78</td>
<td>0.066</td>
<td>1.184</td>
</tr>
<tr>
<td>Religiosity (RF)</td>
<td></td>
<td>0.457</td>
<td>0.098</td>
<td>4.685</td>
</tr>
<tr>
<td>Halal Branding (BF)</td>
<td></td>
<td>0.236</td>
<td>0.069</td>
<td>3.400</td>
</tr>
<tr>
<td>Digital Utilisation (DF)</td>
<td></td>
<td>-0.040</td>
<td>0.044</td>
<td>-0.922</td>
</tr>
</tbody>
</table>

Note: *** p < 0.01, ** p < 0.05, * p < 0.10
Source: Authors’ own

Furthermore, Kothari (2004) explained that the function of the R-Square test is to determine the variation of the dependent variable explained by the variation of the independent variable. Table 2 shows that the equation of interest in buying halal products has an R-Square value of 0.342. So, it can be interpreted that the variation of the variable of buying interest in halal products can be explained by variations in the price factor, halal branding factor, religiosity factor and the digital utilisation factor of 34.2 per cent. The remaining 65.8 per cent indicates that other factors outside this equation model can explain the variation in buying interest in halal products.

**Table 3: Results of Regression Analysis Model 2**

<table>
<thead>
<tr>
<th>Variable</th>
<th>R-Square</th>
<th>Unstandardised Coefficient</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>0.462</td>
<td>0.529</td>
<td>0.294</td>
<td>1.800</td>
</tr>
<tr>
<td>Price (PF)</td>
<td></td>
<td>0.289</td>
<td>0.060</td>
<td>4.849</td>
</tr>
<tr>
<td>Religiosity (RF)</td>
<td></td>
<td>0.241</td>
<td>0.089</td>
<td>2.713</td>
</tr>
<tr>
<td>Halal Branding (BF)</td>
<td></td>
<td>0.277</td>
<td>0.063</td>
<td>4.393</td>
</tr>
<tr>
<td>Digital Utilisation (DF)</td>
<td></td>
<td>0.033</td>
<td>0.040</td>
<td>0.830</td>
</tr>
</tbody>
</table>

Note: *** p < 0.01, ** p < 0.05, * p < 0.10
Source: Authors’ own

**Table 3** reveals the results of the significance test on the equation model of the consumption satisfaction of halal products. It can be seen in **Table 3** that religiosity, price and halal branding factors show positive and significant satisfaction of consuming halal products. The digital utilisation factor produced a significance value of greater than 5 per cent making it an insignificant variable. The results of the coefficient of determination test on the consumption satisfaction equation model for halal products show an R-squared value of 0.462. Thus, it is
inferred that the variation of the variable satisfaction of consumption of halal products can be predicted by the variation of the variable price factor, halal branding factor, religiosity factor and digital utilisation factor of 46.2 per cent; while the rest is predicted by other variables not examined in this study, accounting for 53.8 per cent.

**Sociopreneurship Design Model for MSMEs Development**

Business design in sociopreneurship mainly concentrates on three aspects, including value proposition, value creation and value capture (Kusumasari, 2015). The concept of sociopreneurship can be applied by organisations/institutions or groups of people. In the case of Indonesia, the sociopreneur concept is more appropriate to be implemented by zakat institutions. This is based on the motive of the zakat institution as a social institution that has a social goal to change the mustahiq (zakat recipient) community into muzakkis (zakat donors).

Sociopreneurship that is run by zakat management institutions must be done by a different entity. Zakat management institutions are not allowed to carry out business activities, so there needs to be another entity that handles entrepreneurial activities established by zakat institutions. The results obtained are used to increase the operational funds of zakat institutions (Widiastuti et al., 2019).

First, to run the sociopreneurship, zakat institutions need to analyse the potential of a given geographical area to be the target of assistance. Potential analysis is carried out by considering the feasibility of the area from the economic point of view of the residents, the number of MSMEs, the local wisdom involved, the openness of the local government, and so on (Kusumasari, 2015). After that, data collection on MSME actors who have potential businesses to develop is carried out (Council, 2018). The feasibility of MSMEs is analysed first with direct surveys. Important aspects that need to be considered during the survey include business owners, who must be Muslim and be eligible to receive zakat. In addition, the business must be halal because the funds used are zakat, infāq (philanthropic funds) and sadaqah (charity) funds. After being certified, the contract or approval is provided to establish the business to become an assisted partner. Later on, the mentoring process in terms of halal branding, digital marketing and capital support will be carried out.

The application of the sociopreneurship model for the development of halal and digital-based MSMEs is given in Figure 2.
Figure 2: Social Entrepreneurship Design Model

Source: Authors’ own

Social Entrepreneurship Model of Zakat Institutions for MSME Development

At this stage, the zakat institution performs three stages of mentoring and supervising the assisted MSMEs, as illustrated in Figure 3. The first stage of assistance is carried out by conducting a direct review by the zakat institution to observe whether the products of the assisted MSMEs are halal. Aspects that are done during the direct review process include verification of the inputs used by the business owner in carrying out production. According to Kusumasari (2015), a technical review is then conducted of the whole business process from production to distribution. If something is found that creates doubt about the compliance of the product to halal norms, then suggestions and recommendations are given to improve the production or distribution process. After everything is verified that the product is halal, then education about halal branding is provided (Jamal & Sharifuddin, 2015). The fact that the benefits can be invested, though in a small amount, is also delivered during the mentoring. In addition, the product branding is also published with attractive promotion campaigns (Awan et al., 2015).

During the second stage, assistance in digital marketing is provided for zakat institutions to facilitate MSMEs in developing an e-commerce platform. The e-commerce platform will bring together consumers who want halal products from the assisted MSMEs. The latter should practically avoid ribā (usury), gharar (uncertainty), maysir (gambling) and only sell halal products (Fitriani, 2018). The payment is done through bank transfer with an Islamic bank to an account number in the name of the e-commerce platform. The income generated from each sale will be separated into two: 15 per cent will go to the zakat institutions. This is considered as the
proceeds from the social entrepreneurship business. Meanwhile, the vast majority (85 per cent) is allocated to the MSMEs.

During the third stage of assistance, the provision of capital is facilitated by the capability of accessing loans from zakat institutions. As mentioned before, zakat institutions also have created certain institutions to manage savings and loan funds. These institutions are managed following the Shari‘ah values, involving social trust fund institutions (Mukaddis & Abdullah, 2019). Through these institutions, MSMEs can borrow funds via a *qard hasan* agreement (Febianto & Ashany, 2012). The process of mentoring MSMEs with the concept of sociopreneurship is expected to be able to change MSME actors from zakat recipients to zakat donors in the future. This change means that poverty will decrease and people’s welfare will increase.

**Figure 3: Social Entrepreneurship Model of Zakat Institutions for MSMEs Development**

![Diagram of Social Entrepreneurship Model of Zakat Institutions for MSMEs Development]

Source: Authors’ own

**DISCUSSION**

Sociopreneurship creates a system that has a sustainable positive impact on society. The implementation of sociopreneurship has the potential to be developed through zakat institutions. The zakat funds are distributed in productive investments in the form of halal businesses in accordance with applicable Shari‘ah principles and regulations. It is ensured that the businesses are feasible as they are fostered and supervised by competent parties.

This study finds that the distribution of productive zakat funds creates a multiplier effect from an economic perspective, such as increasing people’s purchasing power and developing high productivity of MSMEs as assisted business institutions. This finding is in line with Wulansari and Setiawan (2014), and Habibi (2016), who found that the distribution of productive zakat funds has positive benefits on the performance of MSMEs. Moreover, in line with Febianto and Ashany (2012), it is asserted that assistance and empowerment of MSMEs through
productive zakat funds is a solution for MSMEs who have limited access to bank financing and lack business experience, especially in the field of halal commerce and the use of technology. The proposal to apply the sociopreneurship concept in zakat institutions to MSMEs involved in halal production by imparting halal branding assistance, digital marketing assistance, and capital facilities is expected to be able to change the status of MSME actors from zakat recipients to zakat donors and thus have an impact on reducing poverty and improving people’s welfare.

As iterated in the findings section of this paper, the halal branding of a product affects buying interest and consumption satisfaction for halal products. The higher the halal branding of a product, the higher the buying interest and satisfaction of a person in consuming halal products. This finding is in line with the findings of Wilson and Lui (2011) and Garg and Joshi (2018). They found that halal labels in food product packaging are one of the factors that influence consumers to buy. The findings of this study also support that of Akagun et al. (2013), which revealed that halal branding provides a deep emotional attachment to the values adopted so that it affects buying interest and consumer satisfaction.

In addition, the selection of halal-labeled products is also supported by one’s religiosity. These results are in accordance with the findings of Souiden and Rani (2015) and Khan et al. (2017) that religiosity affects individual attitudes and behaviour. As a person’s level of religiosity gets higher, it will increase the individual’s attitude to prefer halal products compared to other products (Shaharudin et al., 2010). Overall, the higher the religiosity, the higher the buying interest and satisfaction in consuming halal-labeled products (Asnawi et al., 2018; Riptiono & Setyawati, 2019). The halal label helps Muslims in selecting, buying and consuming halal products (Widyanto & Sitohang, 2020).

Furthermore, this study also found that the price factor can affect the satisfaction of consuming halal products. This result is in line with the research of Syukur and Nimsai (2018) who found that if there are different prices for a product, Muslim consumers in Thailand will consider it before deciding to buy. It is, however, in contrast to what Ahmat et al. (2011) found, that when consumers are satisfied with the halal product, they will still buy it regardless of its price.

As for technology, it has no significant effect on purchasing interest and consumer contentment in using halal products. Consumers have not focused on the use of technology in their consumption activities, especially those aged 35 years old and over. Regarding payment techniques, in general, respondents are more interested in making cash payments than payment via Electronic Data Capture (EDC) machines, transfers, or the use of e-money. In addition, the majority of respondents prefer shopping in person to shopping online. Therefore, when consumers consume halal products, the use of technology is not considered by them. The reason is that shopping directly provides an emotional attachment to a product as well as a sense of security, satisfaction with the quality of goods, control in purchases, and helps in not exceeding the budget line (Jyoti et al., 2016; Elseidii, 2018). However, respondents made an exception due to public policies in dealing with COVID-19, which forced people to do all activities online, including shopping and making digital payments (Koch et al., 2020). This is in line with the statement expressed by Tyagi and Pabalkar (2021) that the COVID-19 pandemic changed all community activities. It changed business conditions and consumer behaviour as businesses and consumers were forced to adapt in terms of consumption, spending and payment methods.
CONCLUSION
Religiosity, halal knowledge and halal branding were found to affect the intention of Muslims to use or buy halal products and influence their satisfaction in consuming halal products. This means that consumers in Indonesia have a high tendency towards halal products that can be seen from their behaviour of always checking the halal logo when shopping. However, the study found that the price factor does not affect the intention of Muslims to use or buy halal products. This indicates that Muslim consumers are not concerned about price when buying halal products. Therefore, whether the price of the product is expensive or cheap, it will not affect their interest in buying halal products. This is an interesting finding for manufacturers of halal products because consumers appear to prioritise the halalness of the product rather than its price.

This study also found that the use of digital media does not affect the two equations formulated in the paper because consumers feel they do not focus their consumption on technology, especially for consumers aged 35 years and over, on the grounds that direct transactions, especially for halal products, provide satisfaction, security and attachment to emotions. However, the existence of a lockdown policy from the government related to the COVID-19 pandemic conditions changed consumer behaviour to adapt in terms of consumption, spending and payment methods. Consequently, consumers began to switch from offline to online transactions.

To respond to this, this research proposed the concept of sociopreneurship to zakat institutions for facilitating assistance to MSMEs. The proposal is to use zakat funds in productive investments to support the development of MSMEs while concurrently assisting them in improving product quality with halal branding, expanding the market with digital marketing through an e-commerce platform, and providing digital literacy to consumers. It is hoped that in the long term, it can change the status of MSME actors from zakat recipients to zakat donors so that it will have an impact on reducing poverty and improving the welfare of the community.

The advice and policy implications of these findings are that in terms of business management, MSMEs must be able to make the most of digital trends and people’s preferences for a halal lifestyle to raise their product sales. Zakat institutions need to direct this sociopreneurship concept with full assistance and quantifiable success. Educational institutions become a community that acts as a support system for the digital trend and halal lifestyle in Indonesia. The government has to take part in disseminating information to the community about halal MSME products developed with the assistance of zakat institutions. In addition, the government needs to involve religious leaders to promote and use halal products from MSMEs. Indonesian Muslims are relatively close to religious figures, who can thus assist government policies in developing MSMEs and zakat institutions in converting zakat recipients to zakat donors and thus invigorate the multiplier effect of the zakat system so that it contributes positively to the economy.

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