



Religious Organizations Development through Social Entrepreneurship Activity: Opportunities and Challenges from Stakeholders' Perspective

Waraney Alfonsus Matthew Punuh^{1*}, Hani Sirine²
^{1,2} Satya Wacana Christian University, Indonesia

Received : January 28, 2024

Revised : February 23, 2024

Accepted : March 9, 2024

Online : March 13, 2024

Abstract

Social entrepreneurship is an innovative approach to addressing diverse social issues across various sectors. However, its recognition within religious organizations remains limited. Social entrepreneurship offers significant prospects for enhancing community well-being while tackling prevalent social challenges. Nevertheless, substantial hurdles emerge, particularly in engaging stakeholders who are pivotal in executing social entrepreneurship initiatives within religious organizations. This research was conducted within GMIM Lembean Kora-kora region, where a religious organization is situated in North Sulawesi, Indonesia. The organization has involved its congregation in implementing social entrepreneurship programs, primarily in agriculture and culinary ventures. The study identifies opportunities and challenges in social entrepreneurship within religious organizations. Additionally, it explores the implementation of social entrepreneurship in the context of congregational development, with a specific emphasis on the role of stakeholders in driving these initiatives. The findings demonstrate that religious organizations can harness social entrepreneurship's potential and surmount its challenges. This research introduces a model of social entrepreneurship better suited for religious organizations, particularly in their profound understanding of community opportunities and challenges.

Keywords: *Stakeholders, Social Entrepreneurship, Religious Organization*

INTRODUCTION

The economic growth rate of Indonesia in 2022 has reached 5.31%, a significant increase compared to the previous year, 2021, which experienced a growth rate of only 3.70%. The role of every institution, including religious institutions, is crucial in supporting Indonesia's economic growth. Religious organizations have substantial potential to contribute to Indonesia's economic development. National economic growth is closely tied to the role of religious institutions, as they can create job opportunities and significantly contribute to community development ([Anggadwita et al., 2021](#)). One effective way to empower communities is by implementing social entrepreneurship within religious organizations. This approach can mobilize communities more effectively by utilizing religious values as its foundation.

The urgency of this paper lies in proposing the integration of community development through social entrepreneurship within religious organizations. This proposition is based on the roles of stakeholders, aiming to illustrate opportunities and challenges in the implementation of social entrepreneurship. As a country with a diverse religious population, religious organizations play a vital social role in promoting positive change. This integration is essential to address broader social issues, including economic, environmental, and other social challenges.

This research is conducted within one religious organization that implements social entrepreneurship, namely the Evangelical Christian Church in Minahasa (Gereja Masehi Injili di Minahasa or GMIM) in the Lembean Kora-kora Region. This area comprises six churches that have adopted social entrepreneurship to meet their congregation's needs and enhance the members' overall economic well-being. Most congregation members work as farmers in the East Lembean sub-district, Minahasa Regency, North Sulawesi Province. In addition to social entrepreneurship in agriculture and culinary endeavors, these churches also rely on offerings and donations from their

Copyright Holder:

© Punuh and Sirie. (2024)

Corresponding author's email: 912022013@student.uksw.edu

This Article is Licensed Under:



members.

As far as the author has encountered, previous papers or research on religious organizations and social entrepreneurship have been conducted by several authors. Some focus on the development of female social entrepreneurs within the church (Quagraine et al., 2018). Additionally, research has centered on the Influence of religion and entrepreneurial motivation (Farmaki et al., 2020). Furthermore, some groups view the economic development of religious organizations through innovation and collaboration (Safe, 2021). Research related to religious organizations and social entrepreneurship is limited to the studies mentioned earlier. While these studies have explored social entrepreneurship within churches, they have not explicitly addressed the involvement of stakeholders in the role of developing social entrepreneurship within church activities. Moreover, this research explores the opportunities and challenges of implementing social entrepreneurship within religious organizations. It will be conducted in churches in Indonesia, specifically in the Minahasa Regency, where the phenomena and cultural dynamics of the community differ.

LITERATURE REVIEW

Stakeholders Theory

Stakeholder theory emphasizes that businesses should create value for all parties involved in the organization, including customers, employees, investors, suppliers, government, and the local community (Dmytriiev et al., 2021). These stakeholders can influence or be influenced by the organization's goals, and the company's success depends on their support. Organizational leaders are expected to lead with a commitment to shared interests, surpassing personal gains or shareholder interests (Freeman et al., 2021).

In stakeholder theory, a business is viewed as a series of relationships among stakeholders. Managers are expected to carefully manage these interactions, avoid conflicts, and not prioritize only shareholders (Freeman et al., 2020). A more radical view emphasizes that stakeholders are moral delegates with full sovereignty, not merely passive representatives. Fair treatment of all stakeholders is crucial for achieving significant performance improvements (Ramoglou et al., 2023).

Stakeholder attitudes can support or oppose, depending on their intentions and closeness to the organization. Therefore, organizations must pay attention to stakeholders' interests and needs, building good relationships to minimize the risk of program rejection. From the stakeholder theory perspective, this approach is also relevant for social organizations. It can be integrated with social entrepreneurship to address challenges and obstacles in achieving program goals (Sirine et al., 2020).

Opportunities in Social Entrepreneurship

Social entrepreneurship is a business activity with social and community welfare objectives. Combining entrepreneurship and social aspects creates activities focusing on social value for the wider community (Monteiro et al., 2022). The definition of social entrepreneurship emphasizes the social mission of a company or organization in creating social value for the public, integrating social missions with entrepreneurial activities. Social entrepreneurship distinguishes itself from non-profit organizations by addressing social gaps and empowerment rather than solely fundraising or charitable activities (Sirine & Dewi, 2022). A further definition by Hota et al. describes social entrepreneurship as solving social issues using market-based methods that create economic and social value (Hota et al., 2020).

Table 1. Indicators of Social Entrepreneurship Opportunities Based on Previous Research

Social Entrepreneurship Opportunities	Source
Resolution of social issues.	Aparicio (2020) , Mthembu (2019)
Community Mobilization.	Esteves (2021) , Kamran (2022)
Support for local government.	Cagarman (2020) , Prasetyo (2020)
Business Innovation.	Kamran(2022) , Hossain (2021)
Sustainability solution.	Prasetyo (2020) , Bansal (2019)
Empowerment of the local community.	Monteiro (2022) , Hossain (2021)
Community Empowerment.	Hu (2020) , Bansal (2019)

Challenges in Social Entrepreneurship

Social entrepreneurship brings opportunities for community development through its social contributions but also faces challenges, especially in balancing social aspects and profit-seeking ([Aparicio et al., 2020](#)). Some social entrepreneurs may need to be made aware of the positive impact of social entrepreneurship, while early challenges include intense business competition and difficulties competing in the market ([Akoh & Lekhanya, 2022](#)). To ensure sustainability, social entrepreneurs need guidance to maintain their social vision while continuing to innovate in generating revenue to address social issues ([Bogdanova, 2020](#)).

Table 2:**Indicators of Social Entrepreneurship Challenges Based on Previous Research.**

Social Entrepreneurship Challenges	Source
The tendency towards profit maximization	Akoh & Lekhanya (2022) , Bogdanova (2020)
Meeting stakeholder expectations	Fischer (2020) , Kamran (2022)
Business competition	Adro (2021) , Yan (2022)
Financial limitations	Fischer (2020)
Limited human resources	Dmytriyev (2021) , Hu (2020)
Raising community awareness	Aparicio (2020) , Akoh & Lekhanya (2022)

RESEARCH METHOD

The approach employed in this paper is qualitative research. A qualitative approach is utilized to gain a deeper understanding of phenomena with limited data, necessitating support for discoveries. The target informants include internal and external stakeholders involved in the social entrepreneurship process. Internal stakeholders are the chairperson of the GMIM Lembean Korakora regional council, the treasurer of the regional council, and leaders and members engaged in the social entrepreneurship program. On the other side, external stakeholders include customers and local government authorities. In this paper, data collection techniques involve in-depth interviews and observations. These methods are implemented to acquire direct data for this paper.

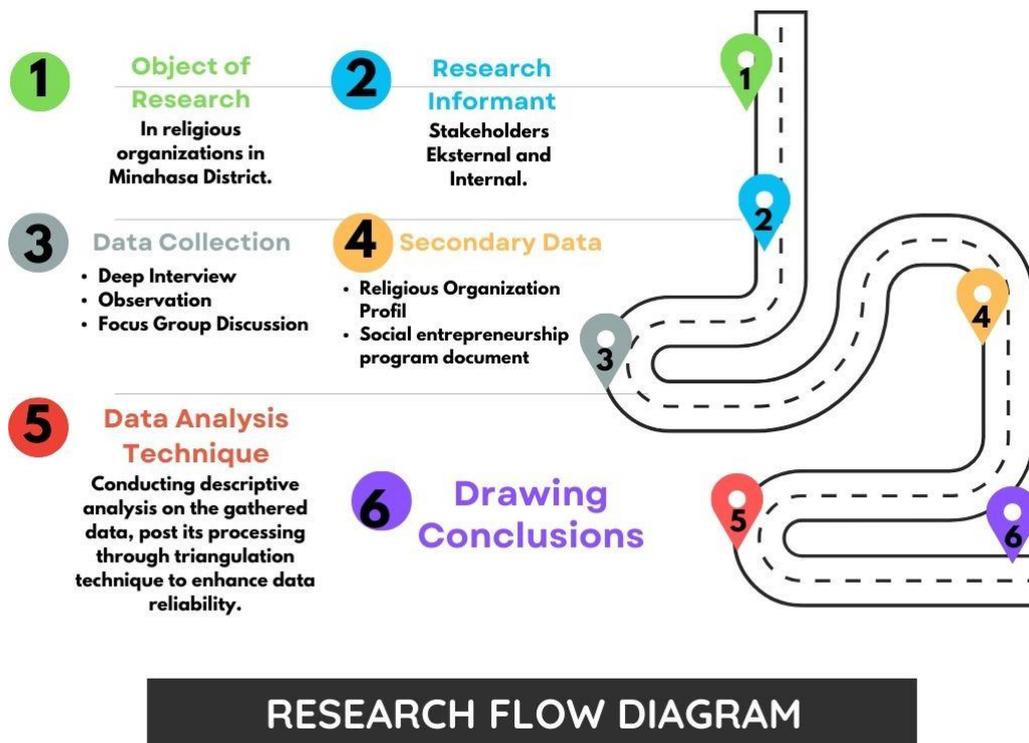


Figure 1. Research Flow Diagram

FINDINGS AND DISCUSSION

Implementation of Social Entrepreneurship in Religious Organization Activities

The integration between business and religion is minimal, as business is often perceived as profit maximization and often violates religious ethics by prioritizing self-interest over the well-being of others. Therefore, business activities or entrepreneurship need to reconstruct their paradigms into social entrepreneurship, where adding the social term is emphasized. This implies that the profits are directed towards social interests, including those of the impoverished community (Cagarman et al., 2020). The connection between business and religion becomes a significant innovation, as entrepreneurship can be implemented within religious organizations. It is not seen as a prohibition but rather as an opportunity for the congregation and society's general welfare.

GMIM Lembean Kora-kora, a religious organization in Indonesia, has successfully integrated social entrepreneurship with religious values. They have initiated a land development program to produce high-quality agricultural products, teaching modern farming techniques to local farmers. The proceeds from these products are used to support social and humanitarian programs, such as food aid. In the culinary sector, GMIM Lembean Kora-kora has established ventures based on sustainability and social responsibility, employing congregation members and supporting local producers.

In a context where societal trust in religious values is highly esteemed, the steps taken by GMIM Lembean Kora-kora provide a positive example of how religious organizations can drive inspirational social entrepreneurship. Of course, it creates a unique synergy between belief and action, where business activities and social empowerment are conducted with integrity and a deep commitment to the religious values they uphold. Empowering communities can be maximized with other values following suit, not limited to business interests for profit-making but extending to developing every aspect of society (Monteiro et al., 2022).

By integrating religious values with socially responsible business practices, social entrepreneurs benefit their congregations and play an active role in enhancing the well-being of the broader community, particularly those in need. Social entrepreneurship adopts a business approach grounded in religious principles and a commitment to social responsibility. In practice, this means that organizations or ventures implementing social entrepreneurship will pursue goals larger than merely seeking financial profit (Yan et al., 2022). They will focus on achieving positive social, environmental, or humanitarian outcomes.

GMIM Lembean Kora-kora's social entrepreneurship implementation has significantly improved community empowerment, addressed poverty, and improved quality of life. Initiatives like sales skills training, cultivation training, and job creation have provided hope to those struggling in challenging economic conditions. Profits generated from social entrepreneurship contribute to a more inclusive and sustainable environment (Quagraine et al., 2018). A highly significant innovation emerges where the integration of social entrepreneurship within religious organizations becomes a reality amidst society. The integration of social entrepreneurship serves as a means for religious organizations to be more than just places of worship but also catalysts for positive social change. Social entrepreneurship within the organizational environment creates significant opportunities to address pressing social issues such as poverty, inequality, and injustice (Gigauri & Damenia, 2020).

By integrating social entrepreneurship, religious organizations can become a robust foundation for driving social improvements (Safe, 2021). Moreover, it can create profound positive impacts in society, setting an example for communities to stand at the intersection of business and religion, integrating business operations with a commitment to religious values. This could transform entrepreneurial paradigms for mutual benefit, especially in Indonesia, where the majority adheres to religious principles.

Opportunities and Challenges from Stakeholders' Perspective

The ideas of internal stakeholders initiate the central idea behind the implementation of social entrepreneurship within religious organizations. It begins with concerns about the inadequacy of operational financing for religious organizations and the necessity for the organization to take social action. According to field data collected by the author, these concerns led internal stakeholders to decide collectively to establish a business aligned with the expertise of the congregation.

From the stakeholders' perspective, social entrepreneurship is not merely a means to meet economic needs but a tool to actualize religious values in tangible actions that positively impact society. The initial process requires adequate funding from internal stakeholders and external donations and funds (Akoh & Lekhanya, 2022).

Amidst the shining opportunities, challenges emerge in tandem with the complexity of social entrepreneurship (Aparicio et al., 2020). One major challenge is community resistance to change, which can hinder program implementation (Bogdanova, 2020). Although supported by external donations and financial support, religious organizations must deal with the reality that only some agree with the introduced changes.

Therefore, organizations must carefully navigate these dynamics to ensure that social entrepreneurship activities create positive social impacts and align with the religious values that form the basis of the organization's existence. Consequently, the continuity and sustainability of social entrepreneurship programs depend on financial support from external donors and the organization's ability to understand and wisely address these complex challenges (Chrisman et al., 2021).

Social entrepreneurship is a solid foundation for understanding and managing opportunities and challenges. This approach emphasizes the importance of creativity and innovation in identifying new opportunities within the congregation. By leveraging internal resources and exploring entrepreneurial potential within the congregation, religious organizations can generate sustainable solutions to social issues faced by their community (Corrêa et al., 2022). Therefore, applying social entrepreneurship theory within the congregational environment can provide a basis for designing programs that are not only contextually relevant but also ensure long-term sustainability and positive impact.

Furthermore, religious organizations must consider profound ethical aspects in balancing religious and business dimensions (Rashid & Ratten, 2022). Of course, it requires meticulous strategic planning to ensure that social entrepreneurship activities align with religious values and maintain integrity and morality at every step. Moreover, opportunities emerge through internal organizational capacity development (Arthur & Adom, 2020). Organizations can create solid and sustainable social capital by empowering congregation members through training and active participation in social entrepreneurship programs.

Another equally essential challenge surfaces: understanding market dynamics and societal needs is crucial for organizations to design social entrepreneurship initiatives that address unmet social needs. Collaboration with N.G.O.s can provide additional perspectives and expertise, while corporations can provide financial resources and networks. However, challenges include compromising organizational values and integrity, and wisdom is needed to ensure these partnerships align with the mission and goals of religious organizations (Anggadwita et al., 2021).

Thus, in this complex field, external partnerships are a means to acquire additional resources and a platform for exchanging ideas, values, and experiences. Religious organizations can optimize existing opportunities and overcome emerging challenges through wise and measured collaboration, creating a dynamic and sustainable social entrepreneurship ecosystem.

CONCLUSIONS

Community empowerment and social entrepreneurship are significantly impacted by the integration of religious organizations, as demonstrated by GMIM Lembean Kora-kora. By combining religious values with social entrepreneurship, religious organizations can provide concrete solutions to social and economic challenges, creating a unique synergy between spiritual beliefs and daily practices. Internal stakeholders, such as religious leaders, social entrepreneurship teams, and congregations, play crucial roles in implementing these programs. However, maintaining balance and addressing community resistance to change are complex challenges.

LIMITATION & FURTHER RESEARCH

Future research is expected to delve deeper into the role of external stakeholders, especially the involvement of other N.G.O.s, and not just be limited to examining the government. On the other hand, data collection locations are confined to North Sulawesi, so exploring a broader geographical area is advisable.

REFERENCES

- Adro, F. D., Fernandes, C. I., Veiga, P. M., & Kraus, S. (2021). Social entrepreneurship orientation and performance in non-profit organizations. *International Entrepreneurship and Management Journal*, 17(4), 1591-1618. <https://doi.org/10.1007/s11365-021-00748-4>.
- Akoh, E.I. & Lekhanya, L.M. (2022). Social entrepreneurship and networking challenges: Impact on sustainable development in South Africa. *Problems and Perspectives in Management*, 20(4), 195–206. [https://doi.org/10.21511/ppm.20\(4\).2022.15](https://doi.org/10.21511/ppm.20(4).2022.15).

- Anggadwita, G. Dana, L. P., Ramadani, V., & Ramadan, R. Y. (2021). Empowering Islamic boarding schools by applying the humane entrepreneurship approach: the case of Indonesia. *International Journal of Entrepreneurial Behavior & Research*, 27(6), 1580-1604. <https://doi.org/10.1108/IJEER-11-2020-0797>.
- Aparicio, T. & Noguera, M. (2020). Entrepreneurship and intrapreneurship in social, sustainable, and economic development: Opportunities and challenges for future research. *Sustainability*, 12(21), 1–11. <https://doi.org/10.3390/su12218958>.
- Arthur, K.N.A. & Adom, A.Y. (2020). Explorative study of entrepreneurship training programs in Christian institutions in Ghana. *Journal of Enterprising Communities*, 14(5), 713–727. <https://doi.org/10.1108/JEC-12-2018-0109>.
- Bansal, S., Garg, I. & Sharma, G.D. (2019). Social entrepreneurship as a path for social change and driver of sustainable development: A systematic review and research agenda. *Sustainability*, 11(4). <https://doi.org/10.3390/su11041091>.
- Bogdanova, M. (2020). Challenges and Opportunities for Social Enterprises. *Economics & Law*, 2(1), 55–61. <https://doi.org/10.37708/el.swu.v2i1.5>.
- Cagarman, K. Kratzer, J., von Arnim, L. H., Fajga, K., & Gieseke, M. J. (2020). Social entrepreneurship on its way to significance: The case of Germany. *Sustainability*, 12(21), 8954. <https://doi.org/10.3390/su12218954>.
- Chrisman, J.J., Fang, H.C. & Steier, L. (2021). Positioning, Articulating, and Crafting Conceptual Articles on Entrepreneurship. *Entrepreneurship: Theory and Practice*, 0(0), 1–21. <https://doi.org/10.1177/10422587211057023>.
- Corrêa, V.S. Carneiro-da-Cunha, J. A., Nassif, V. M. J., & Giglio, E. M. (2022). Relational influence on entrepreneurial orientation: an exploratory study of small religious enterprises in Brazil. *Journal of Entrepreneurship in Emerging Economies*, 14(1), 1–22. <https://doi.org/10.1108/JEEE-09-2020-0353>.
- Dmytriiev, S.D., Freeman, R.E. & Hörisch, J. (2021). The Relationship between Stakeholder Theory and Corporate Social Responsibility: Differences, Similarities, and Implications for Social Issues in Management. *Journal of Management Studies*, 58(6), 1441–1470. <https://doi.org/10.1111/joms.12684>.
- Esteves, A.M. Genus, A., Henfrey, T., Penha-Lopes, G., & East, M. (2021). Sustainable entrepreneurship and the Sustainable Development Goals: Community-led initiatives, the social solidarity economy and commons ecologies. *Business Strategy and the Environment*, 30(3), 1423-1435. <https://doi.org/10.1002/bse.2706>.
- Farmaki, A. Altinay, L., Christou, P., & Kenebayeva, A. (2020). Religion and entrepreneurship in hospitality and tourism. *International Journal of Contemporary Hospitality Management*, 32(1), 148-172. <https://doi.org/10.1108/IJCHM-02-2019-0185>.
- Fischer, D., Brettel, M. & Mauer, R. (2020). The Three Dimensions of Sustainability: A Delicate Balancing Act for Entrepreneurs Made More Complex by Stakeholder Expectations. *Journal of Business Ethics*, 163(1), 87–106. <https://doi.org/10.1007/s10551-018-4012-1>.
- Folmer, E., Nederveen, C. & Schutjens, V. (2018). Network importance and use: commercial versus social enterprises. *Social Enterprise Journal*, 14(4), 470–490. <https://doi.org/10.1108/SEJ-01-2018-0007>.
- Freeman, R.E., Dmytriiev, S.D. & Phillips, R.A. (2021). Stakeholder Theory and the Resource-Based View of the Firm. *Journal of Management*, 47(7), 1757–1770. <https://doi.org/10.1177/0149206321993576>.
- Freeman, R.E., Phillips, R., & Sisodia, R. (2020). Tensions in Stakeholder Theory. *Business and Society*, 59(2), 213–231. <https://doi.org/10.1177/0007650318773750>.

- Gigauri, I., & Damenia.N. (2020). Cooperation between Social Entrepreneurs and Government to Develop Solutions to Social Problems. *Business and Economic Research*, 10(3), 116. <https://doi.org/10.5296/ber.v10i3.17383>.
- Hossain, M. & Shamsuddoha.M. (2021). Social Entrepreneurship: A New Genre of Entrepreneurship. *Business Perspective Review*, 2(3),60–68. <https://doi.org/10.38157/business-perspective-review.v2i3.58>.
- Hota, P.K., Subramanian, & Narayanamurthy.G. (2020). Mapping the Intellectual Structure of Social Entrepreneurship Research: A Citation/Co-citation Analysis. *Journal of Business Ethics*, 166(1), 89–114. <https://doi.org/10.1007/s10551-019-04129-4>.
- Hu, X. Marlow, S., Zimmermann, A., Martin, L., & Frank, R. (2020). Understanding opportunities in social entrepreneurship: A critical realist abstraction. *Entrepreneurship Theory and Practice*, 44(5), 1032-1056. <https://doi.org/10.1177/1042258719879633>.
- Kamran, S.M. Khaskhely, M. K., Nassani, A. A., Haffar, M., & Abro, M. M. Q. (2022). Social entrepreneurship opportunities via distant socialization and social value creation. *Sustainability*, 14(6), 3170. <https://doi.org/10.3390/su14063170>.
- Monteiro, A.A. Sánchez-García, J. C., Hernández-Sánchez, B. R., & Cardella, G. M. (2022). Social entrepreneurship conceptual approaches. *Encyclopedia*, 2(2), 1004-1018. <https://doi.org/10.3390/encyclopedia2020066>.
- Mthembu, A. & Barnard, B. (2019). Social Entrepreneurship: Objectives, Innovation, Implementation and Impact on Entrepreneurship. *SSRN Electronic Journal*, 7(1), 147–177. <https://doi.org/10.2139/ssrn.3343448>.
- Onyemaechi, N. P., Elesho, M. T., Charity, I. O., Agboeze, M. U., Justina, I. N., Chinagorom, E. G., ... & Chimezie, N. B. (2021). Influence of social entrepreneurs on community development in Enugu west senatorial district of Enugu state, Nigeria. *World Journal of Advanced Research and Reviews*, 11(1), 001-007. <https://doi.org/10.30574/wjarr.2021.11.1.0304>.
- Prasetyo, P.E. and Kistanti. N.R. (2020). Role of Social Entrepreneurship in Supporting Business Opportunities and Entrepreneurship Competitiveness. *Open Journal of Business and Management*, 08(04), 1412–1425. <https://doi.org/10.4236/ojbm.2020.84090>.
- Quagrainie, F.A., Opoku, M.A. & Adom. A.Y. (2018). Christian entrepreneurial activities and micro women entrepreneurship development: Church embeddedness in action. *Journal of Enterprising Communities*, 12(5), 657–676. <https://doi.org/10.1108/JEC-03-2018-0025>.
- Ramoglou, S., Zyglidopoulos.S, & Papadopoulou.F. (2023). Is There Opportunity Without Stakeholders? A Stakeholder Theory Critique and Development of Opportunity-Actualization. *Entrepreneurship: Theory and Practice*, 47(1),113–141. <https://doi.org/10.1177/10422587211043354>.
- Rashid, S. & Ratten.V. (2022). Spirituality and entrepreneurship: integration of spiritual beliefs in an entrepreneurial journey. *Journal of Enterprising Communities*, 16(6), 876–899. <https://doi.org/10.1108/JEC-12-2020-0199>.
- Safe, A.A. (2021). The formula of Islamic community development in Indonesia through the social entrepreneurship approach. *Religious: Jurnal Studi Agama-Agama dan Lintas Budaya*, 5(1), 47–58. <https://doi.org/10.15575/rjsalb.v5i1.9685>.
- Sirine, H., Andadari, R.K., & Suharti.L. (2020). Social Engagement Network and Corporate Social Entrepreneurship in Sido Muncul Company, Indonesia. *Journal of Asian Finance, Economics, and Business*, 7(11), 885–892. <https://doi.org/10.13106/jafeb.2020.vol7.no11.885>.
- Sirine, H., & Dewi. Y.E.P. (2022). Business Model Canvas: The Implementation Method of Corporate Social Entrepreneurship. *Jurnal Ekonomi & Bisnis JAGADITHA*, 9(2), 176–184. <https://doi.org/10.22225/jj.9.2.2022.176-184>.

- Yan, Y. Si, S., Zhu, W., & Zhang, Y. (2022). Social entrepreneurship and sustainable development: The Yiwu case. *Elementa: Science of the Anthropocene*, *10*(1), 1-16. <https://doi.org/10.1525/elementa.2022.00010>.
- Zhang, X. Sun, Y., Gao, Y., & Dong, Y. (2022). Paths out of poverty: Social entrepreneurship and sustainable development. *Frontiers in Psychology*, *13*, 1062669. <https://doi.org/10.3389/fpsyg.2022.1062669>.