

# The Ihsan Digipreneurship Orientation, a Novel Entrepreneurship Orientation Designed to Promote Social Piety

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**Abstract.** This study aims to develop a new conceptual model that can address the shortcomings of previous research on the concept of Ihsan Digipreneurship Orientation. This research seeks to create items and elements for the new concept of Ihsan Digipreneurship Orientation (IDO) and to validate the Ihsan Digipreneurship Orientation (IDO) measurements. This research establishes Ihsan digipreneurship orientation (IDO) by conceptualizing, developing, and validating a scale to measure and assess it. This proposed model contributes to Entrepreneurship Orientation, a resource-based perspective with an emphasis on Intellectual Capital, and the concept of social piety. Muraqobatullah behavior and dynamic capability will increased Ihsan Digipreneurship Orientation in Batik Entrepreneurs in Central Java Province and thus had the potential to increase social piety. The analysis demonstrates that social piety is an implication/manifestation of business performance that entails evaluating business performance through the lens of religious or Islamic law compliance.

**Keywords:** Ihsan Digipreneurship Orientation; Social Piety; Muraqobatullah behavior; Intellectual Capital; Dynamic capability

## 1 Introduction

Micro, Small and Medium Enterprises (MSMEs) can thrive in a digital organizational environment because digital technology enables intelligence gathering, cost reduction, and market expansion [1]. However, SMEs may struggle to adapt to changes due to a lack of technical or marketing expertise. Digital Orientation (DO) is the deliberate strategic positioning of micro small and medium-sized enterprises (MSMEs) to capitalize on the opportunities created by digital technology [2]. This definition emphasizes the importance of SMEs looking beyond individual initiatives when adapting to the ever-changing format of digital technology. They must consider organizational practices and the broader environment [3]. MSMEs are embracing digital technologies to enhance customer communication and information processing, to increase operational efficiency, and to expand their organizations [4]. Additionally, technology enables MSMEs to acquire new businesses and improve existing businesses both between and within.

Micro, Small, and Medium-Sized Enterprises (MSMEs) have long been the backbone of Indonesia's economy, and history has demonstrated that MSMEs are remarkably resilient in the face of economic storms. MSMEs grew to more than 64 million business units in 2018 [5], according to data from the Indonesian Ministry of Cooperatives and Small and Medium Enterprises. The situation is similar at the provincial level in Central Java; the province has

140,868 MSMEs. However, compared to neighboring countries, Indonesia's entrepreneurial population is only 1.56 percent of the total population [6], casting doubt on the country's readiness to compete in the ASEAN free trade era that began in 2015 [7]. Indonesia has a much smaller number of entrepreneurs than other countries, where entrepreneurs can account for between 5% and 10% of the total population.

Previous research has produced contradictory findings, with Nez-Pomar, Prado-Gascó, Aó Sanz, Crespo Hervás, and Calabuig Moreno stating that the EO dimension (innovation, risk-taking, proactive) does not affect business performance uniformly, depending on the size of the company and the size of its business performance. Based on the research gap, an examination of the effect of entrepreneurial orientation on business performance; The limitation of previous research is the critical role of performance measure

ment in tourism development that is based on law-abiding Islamic values. Thus, an Ihsan Digipreneurship Orientation is required to realize the Social Piety of Batik Entrepreneurs in Central Java Province, driven by Muraqobatullah's behavior and dynamic capabilities. The problem of this research is, "How is the Ihsan Digipreneurship Orientation development model in realizing the Social Piety of Batik Entrepreneurs in Central Java Province?"

### ***Ihsan Entrepreneurship Personality***

Ihsan Digipreneurship Orientation (IDO) is a new concept resulting from the integration of the synthesis of Sufism theory concepts with an Ihsan approach, Entrepreneurship Orientation with an Islamic Value-based Entrepreneurship approach [6], and Intellectual Capital with a technological capital approach. Ihsan Digipreneurship Orientation (IDO) is implied as entrepreneurial behavior oriented to a culture of innovation, proactive in seeking opportunities, and daring to take risks by utilizing information technology that is interconnected and open in running their business, which is based on a sense of being supervised and close to Allah SWT which is reflected in the positive feeling, positive thinking, positive speaking, and positive acting. Increasing the orientation of this entrepreneur's behavior in the long term will also increase social piety [8]. From this nature, the greatest amount of practice will emerge in worshipping Allah SWT, regardless of where he is or whether he is performing charity alone or in the midst of a crowd.

### **Theoretical Development**

#### ***Entrepreneurship Orientation***

Entrepreneurship Orientation (EO) is a strategic organizational posture of a business that encompasses specific entrepreneurial characteristics of decision-making styles, methods, and behaviors. Thus, EO catalyzes organizational ventures and entrepreneurial endeavors. According to most existing EO research, EO encompasses three dimensions: innovation, proactiveness, and risk-taking. These three dimensions represent the entrepreneurial orientation conceptualization, although some conceptualizations include two additional dimensions, namely competitive aggressiveness and autonomy.

From an Islamic perspective, entrepreneurship combines two concepts: "Islam" and "Entrepreneurship". Islam declares faith in a single God and Muhammad (PBUH) as Allah's messenger. Additionally, Entrepreneurship from an Islamic Perspective (EIP) encompasses more than Islam and entrepreneurship. It is built on three interconnected pillars that support one another. According to the definition of entrepreneurship, the first pillar is the pursuit of opportunity. The second pillar is socioeconomic in nature or ethical in nature. The third pillar is religion-spiritual, with the ultimate goal of uniting humans with God. Thus, EIP has its methodology for approaching its comprehension.

### ***Resources Based View with Intellectual Capital Approach***

According to the resource-based view, intangible resources are strategic assets that contribute to the achievement of a sustainable competitive advantage and company performance. Organizations that understand that the substantial resources of the twenty-first century are knowledge, information, innovation, creativity, and intellectual capital will inevitably achieve a competitive advantage. In recent decades, organizations have competed to acquire, develop, and preserve intangible assets. Intellectual capital (IC) is also referred to as the “new intangible asset,” and the most commonly used definition is “knowledge that is valuable to the organization”. Bontis, Keow, and Richardson define IC as having three primary components: human capital, structural capital, and customer capital. This study extends Bontis’s research by including three new independent variables: social capital, technological capital, and spiritual capital.

Based on the integration of the synthesis of the theory of Sufism with the Ihsan approach, Entrepreneurship Orientation with the Islamic Value-based Entrepreneurship approach, and Intellectual Capital with the technological capital approach, a new conceptual model can be drawn up, namely the Ihsan Digipreneurship Orientation.

### **Proposition**

#### **Antecedent *Ihsan* Digipreneurship Orientation: the role of *Muraqobatullah* and Dynamic capabilities in shaping *Ihsan* Digipreneurship Orientation behavior**

As the ultimate manifestation of faith, Ihsan comes from the attitude of *Muraqobatullah* (supervision), which is a mental attitude that appears when worshipping Allah as if seeing Him, and even though you do not see Him, Allah the Exalted sees. Ihsan, in practice, is the operationalization of faith, namely how to be grateful, patient, and pleased with His provisions. In the context of muamalat, Ihsan is an act that is beneficial to people who do muamalah, while the act is not an obligation.

*Muraqobatullah* has dimensions of gratitude, patience, and *ridla* behavior. Gratitude is maximizing one’s potential to accomplish Allah SWT’s desires. Patience is defined as the capacity to bear both physical and non-physical burdens, as well as the capacity to perform a good deed, worship, or good work. *Ridla* is born out of love for Allah ta’ala. *Ridla* can also mean happiness or contentment with Allah’s decision. Increases in these three behaviors will also increase an Ihsan entrepreneurial orientation, as batik entrepreneurs will be able to realize their social piety through information technology. Entrepreneurial Ihsan-oriented behavior is the ability to project a sense of divinity wherever and whenever you are. This is a manifestation of the concept of *Muraqobatullah*, which refers to the behavior of someone who worships Allah as if he sees Him but does not see Him (according to the forty thof) believes that humans who demonstrate gratitude, patience, and pleasure will develop a sincere entrepreneurial orientation through the use of information technology, enabling them to realize the social piety of batik entrepreneurs.

P1 : *Muraqobatullah* triggers the increase in *Ihsan* Digipreneurship Orientation

According to the entrepreneurial perspective, Zahra (2011) defines dynamic capabilities as the ability to reconfigure the company’s resources and routines in a way that is envisioned and deemed appropriate by decision-makers. Continued by Teece (2017), a key element of a company’s dynamic ability to seize new opportunities is managerial competence to design and improve business models. In fact, over the last decade, managerial competence has developed a sub-field of dynamic managerial capabilities by designing and implementing new business models. Dynamic capabilities are difficult for rivals to imitate because they are built on the idiosyncratic characteristics of entrepreneurial managers and organizational routines and

culture. In addition, there are inherent uncertainties of complex systems that even those directly involved may not fully understand. Strong dynamic capabilities can serve as the foundation for a sustainable competitive advantage.

Furthermore, March (1991) elaborated the concept of exploration and exploitation to explain how the company's learning process gathers its resources to produce innovation achievements. Exploitation is exploiting the advantages of existing physical and non-physical resources, an element of high certainty since doing business as it is already running increases efficiency. Profit can be predicted in the short term. At the same time, exploration discovers new possibilities through research, experimentation, flexibility in seeking and finding new alternatives. This is called dynamic capabilities.

P2 : *Dynamic capabilities trigger the improvement of Ihsan Digipreneurship Orientation*

### ***Ihsan Digipreneurship Orientation and Social Piety as performance implications in an Islamic perspective***

Ihsan Digipreneurship Orientation is entrepreneurial behavior oriented to a culture of innovation, proactive in seeking opportunities and daring to take risks by utilizing information technology that is interconnected and open in running its business, which is based on a sense of being watched and close to Allah SWT which is reflected in the positive feeling, positive thinking, positive speaking, and positive acting. This behavior is strongly suspected to increase social piety. Dynamic capability is capable of sensing and scanning its environment, including other businesses and customers. Social capability is derived from Islamic values (Al Quran and Hadith), or social piety referred to in many works of literature. Social piety is synonymous with social capability as a result of dynamic capability and a resource-based perspective. Social piety has a charitable and spiritual component that contributes to *maslahah ummah* (the common good). Social piety establishes piety toward Allah SWT as the primary and most important foundation.

P3: *The higher the value of Ihsan Digipreneurship Orientation, the higher the social piety of the batik MSME entrepreneurs*

## **2 Research Method**

This study aims to explore a new conceptual model that can fill in the limitations of previous studies centered on the concept of Ihsan Digipreneurship Orientation [9]. This research develops new concept items and elements of Ihsan Digipreneurship Orientation (IDO); and validation of Ihsan Digipreneurship Orientation (IDO) measurements.

By conceptualizing and developing a scale for measurement and validation, this research phase introduces Ihsan digipreneurship orientation (IDO). The dimensions of existing instruments on the value of digital orientation, entrepreneurship orientation [10], and Ihsan orientation as defined in the Quran and Sunnah serve as a benchmark for developing the theoretical definitions of the proposed constructs and measures. The primary focus at this stage is on content validity, which ensures that the measure encompasses and accurately represents the concept [11]. To ensure the measuring scale instrument's content validity, interviews and focus group discussions with relevant experts and practitioners were conducted following its definition. Two focus group discussions were held with experts in human resources in Islamic studies [12], particularly morals and Sufism, from several Islamic-based universities and

practitioners representing Muslim batik MSME entrepreneurs [13]. The items for the Ihsan Digipreneurship Orientation (IDO) measurement scale were approved following the process.

The population in this study is 51,960 owners of the Batik industry in Central Java Province, distributed in the cities and regencies of Pekalongan, Pati, Sukoharjo, Rembang, and Purbalingga with a study sample of 270 respondents. The sampling technique used was snowball sampling, while the selection of respondents used purposive sampling (non-probability sampling). The characteristics of the respondents who are included in the criteria are: (1) having run their batik business for at least two years, (2) embracing Islam, (3) actively using information technology in running their business.

### **3 Contribution and Implication**

This research is expected to provide a better insight into the factors that have the potential to influence Ihsan digipreneurship orientation and the resulting impact. Testing and proving this proposition offers a complete model of implementing organizational performance based on Islamic values. The importance of dynamic capability factors in forming Ihsan Digipreneurship Orientation has an impact on realizing performance based on Islamic values. The aspects of Muraqobatullah behavior are considered necessary in shaping Ihsan Digipreneurship Orientation and its impact in realizing performance based on Islamic values. This study also offers a deeper understanding of the measurement of performance scales assessed from the values of the Shari'a.

It is hoped that the proof of the proposed model can contribute to the theory by expanding support for the theory of Sufism, Entrepreneurship Orientation, Islamic Value-based Entrepreneurship, resources-based view with an Intellectual Capital approach, and the concept of dynamic capability. The Ihsan Digipreneurship Orientation model shows that Ihsan, as the ultimate manifestation of faith, originating from the attitude of Muraqobatullah (God supervision), can support the achievement of social piety as performance measurement in Islamic perception. The application of the Ihsan Digipreneurship Orientation practice is associated with MSME performance results.

#### **3.1 Directions for future research**

Future research should be carried out to examine the propositions of this article thoroughly. Assuming that support is found for the *Ihsan* Digipreneurship Orientation model proposed in this article, several new research opportunities emerge, one of which is a more in-depth study of the factors that influence *Ihsan* Digipreneurship Orientation. Next is a research question involving the impact factor of the emergence of *Ihsan's* Digipreneurship Orientation behavior. The future research may focus on the results of MSME performance resulting from the *Ihsan* Digipreneurship Orientation. The last one is the empirical model testing to validate the measurement of *Ihsan* Digipreneurship Orientation (IDO) and Social Piety.

### **4 Conclusion**

Muraqobatullah behavior and dynamic capabilities enhances Ihsan Digipreneurship Orientation in Batik Entrepreneurs in Central Java Province, thereby increasing social piety. The analysis demonstrates that an entrepreneurial mindset that internalizes Ihsan's values and the ability to adapt to technological advancements have the potential to improve social piety.

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